

Independent Auditor's Report

To the Members of Hindustan Zinc Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone Ind AS financial statements of Hindustan Zinc Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.



| Key audit matters | How our audit addressed the key audit matter |
|--------------------------|---|
|--------------------------|---|

| Claims and exposure relating to taxation and litigation (as described in Note 3(III)(B), 30 and 32 of the standalone Ind AS financial statements) | |
|--|--|
|--|--|

The Company is subject to several legal and tax related claims and exposures which have been either disclosed or accounted for in the accompanying standalone Ind AS financial statements.

Taxation and litigation exposures have been identified as a key audit matter due to complexities involved in these matters, timescales involved for resolution and the potential financial impact of these on the standalone Ind AS financial statements. Further, significant management judgement is involved in assessing the exposure of each case and thus a risk that such cases may not be adequately provided for or disclosed.

Accordingly, this matter has been identified as a key audit matter.

Our audit procedures included the following:

- Gained an understanding of the process of identification of claims, litigations and contingent liabilities and identified key controls in the process. For selected controls, we have performed test of controls.
- Obtained the year end summary of Company's legal and tax cases and critically assessed management's position through discussions with the Legal Counsel, Head of Tax and operational management, on both the probability of success in significant cases, and the magnitude of any potential loss.
- Inspected external legal opinions and/ or past judicial orders, wherever considered necessary, and other evidence to evaluate the management's assessment in respect of legal claims.
- Engaged tax specialists to technically assess the management's assessment on tax disputes and positions.
- Assessed the relevant disclosures made within the standalone Ind AS financial statements to address whether they reflect the facts and circumstances of the respective tax and legal exposures as per the requirements of relevant accounting standards.

| Accounting and disclosure of transactions with the related parties (as described in note 37 of the standalone Ind AS financial statements) | |
|---|--|
|---|--|

The Company has undertaken transactions with related parties including parent company and fellow subsidiaries for payment of strategic services and brand fee, power delivery agreements, residue treatment contract and IT service agreement.

Accounting and disclosure of such related party transactions has been identified as a key audit matter due to

- a) Significance of such related party transactions;
- b) Risk of such transactions being executed without proper authorizations;
- c) Risk of material information relating to aforesaid transactions not getting disclosed in the standalone Ind AS financial statements.

Our procedures included the following:

- Obtained and read the Company's policies, processes and procedures in respect of identification of such related parties in accordance with relevant laws and standards, obtaining approval, recording and disclosure of related party transactions and identified key controls. For selected controls we have performed tests of controls.
- On sample basis tested some related party transactions and balances with the underlying contracts, confirmation letters and other supporting documents provided by the Company.
- Examined, where applicable the approvals of the board and audit committee of these transactions.
- Obtained and read the reports including the benchmarking report issued by the experts engaged by the management for the payment towards strategic services and brand fees, Power delivery agreement & residue treatment contract.
- Assessed the competence and objectivity of the external experts.
- Engaged internal specialists to assist us in evaluating the arms-length assessment carried out by the management for payment towards strategic services and brand fees.
- Held discussions and obtained representations from the management in relation to such transactions.
- Read the disclosures made in this regard in the financial statements and assessed whether relevant and material information have been disclosed.



INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are 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 these standalone Ind AS financial statements.

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 standalone Ind AS financial statements, 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 management.



- Conclude on the appropriateness of management’s 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 statements 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the “Annexure 1” a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2023 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 30 and 32 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- iv.
 - a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The interim dividends declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Act.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

UDIN: 23501160BGYHCB6377

Place of Signature: Pune

Date: April 21, 2023



Annexure 1

referred to in paragraph under the heading “Report on other legal and regulatory requirements of our report of even date

Re : **HINDUSTAN ZINC LIMITED (“the Company”)**

In terms of the information and explanations sought by us and given by the company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that :

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) Property, Plant and Equipment were physically verified by the management in the current year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material deficiencies were identified on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate.. Inventories lying with third parties have been confirmed by them as at March 31, 2023 and discrepancies of 10% or more in aggregate for each class of inventory were not noticed in respect of such confirmations.
- (b) The Company has not been sanctioned working capital limits in excess of ₹ five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) (a) During the year the Company has provided loans, advances in the nature of loans, stood guarantee and provided security to companies, firms, Limited Liability Partnerships or any other parties as follows:

(Amount in ₹ Crores)

| | Guarantees | Security | Loans | Advances in nature of loans |
|---|------------|----------|--------|-----------------------------|
| Aggregate amount granted/ provided during the year | | | | |
| Subsidiary | 81.00 | - | 111.32 | - |
| Joint Ventures | - | - | - | - |
| Associates | - | - | - | - |
| Others | - | - | - | - |
| Balance outstanding as at balance sheet date in respect of above cases | | | | |
| Subsidiary | 81.00 | - | 111.32 | - |
| Joint Ventures | - | - | - | - |
| Associates | - | - | - | - |
| Others (Employees) | - | - | 3.70 | - |



- (b) During the year the investments made and the terms and conditions of the grant of all loans to subsidiary and any other parties are not prejudicial to the Company's interest.
- (c) The Company has granted loan(s) during the year to a subsidiary where the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular.
- (d) There are no amounts of loans granted to the subsidiary which are overdue for more than ninety days.
- (e) There were no loans granted to the subsidiary which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) The Company has not granted any loans, either repayable on demand or without specifying any terms or period of repayment to subsidiary and any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 of the Companies Act, 2013 are applicable, hence the requirement to report compliance with section 185 is not applicable on the Company. Further, according to the information and explanations given to us, provisions of sections 186 of the Companies Act, 2013 in respect of investments have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of products and generation of electricity, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) The dues of goods and services tax, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues that have not been deposited on account of any dispute, are as follows:

| Name of the statute | Nature of the dues | Amount (₹ in crores)*# | Period to which the amount relates | Forum where the dispute is pending |
|--------------------------|--------------------|---------------------------|--|---|
| Income Tax Act, 1961 | Income Tax | 3 | 1998-99 to 2003-2004, 2013-14, | Commissioner of Income Tax (Appeals) |
| Income Tax Act, 1961 | Income Tax | 9,601 | 1988-1989 to 1990-1991, 1992- 1993, 1997-98, 1999- 00 to 2001-02, 2004-05 to 2010-2011, 2012-13 to 2014-15 and 2015-16, 2016-17, 2017-18 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income Tax | 2,765 | 1989-90 to 2011-12 | High Court / Supreme Court |
| Customs Act, 1962 | Customs Duty | 49.24 | 2009-2019 | CESTAT |
| Customs Act, 1962 | Customs Duty | 0.09 | 2015-16 to 2019-20 | Commissioner and Commissioner Appeal |
| Customs Act, 1962 | Customs Duty | 0.00 | 2017-18 | AC/DC |
| Central Excise Act, 1944 | Excise duty | 244.29 | 1989-2017 | CESTAT |
| Central Excise Act, 1944 | Excise duty | 7.70 | 1991 to 1992, 1998 to 2005 and 2007 to 2017 | Commissioner and Commissioner Appeal |
| Central Excise Act, 1944 | Excise duty | 145.95 | 1995 to 1996 and 1997 to 2013 | High Court |
| Finance Act, 1994 | Service Tax | 23.84 | 1997 to 1999 and 2004 to 2017 | CESTAT |
| Finance Act, 1994 | Service Tax | 12.94 | 2002 to 2005 and 2007-18 | Commissioner and Commissioner Appeal |
| Finance Act, 1994 | Service Tax | 201.17 | 2004-14 and 2016-2018 | High Court |



| Name of the statute | Nature of the dues | Amount (₹ in crores)*# | Period to which the amount relates | Forum where the dispute is pending |
|-------------------------------|--------------------|---------------------------|---|---|
| Rajasthan sales tax act, 1994 | Sales tax | 90.99 | 2009 to 2011 and 2012 to 2019 | Commissioner and Assistant Commissioner |
| Rajasthan sales tax act, 1994 | Sales tax | 14.25 | 2007-2008 | High Court |
| Rajasthan sales tax act, 1994 | Sales tax | 0.49 | 1985-1986 | Supreme Court |
| Rajasthan sales tax act, 1994 | Sales tax | 5.67 | 1998 to 2000, 2001 to 2004 and 2009 to 2014 | Tax Board |

* Net of amount paid under protest / adjusted against refunds

Includes interest where applicable

- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) Term loans were applied for the purpose for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have generally not been used for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a),(b) & (c) of the Order is not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.



- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a),(b),(c) & (d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current year and immediately preceding financial year..
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 38 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 34 to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in note 34 to the financial statements

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

UDIN: 23501160BGYHCB6377

Place of Signature: Pune

Date: April 21, 2023



Annexure 2

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF HINDUSTAN ZINC LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Hindustan Zinc Limited ("the Company") as of March 31, 2023, in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Committee of Sponsoring Organisations of the Treadway Commission (2013 Framework) ("COSO 2013 Criteria"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to standalone Ind AS financial statements included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting with reference to standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO STANDALONE IND AS FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to standalone Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial



controls over financial reporting with reference to standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to standalone Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in COSO 2013 criteria.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Tridevjal Khandelwal**

Partner

Membership Number: 501160

UDIN: 23501160BGYHCB6377

Place of Signature: Pune

Date: April 21, 2023



Standalone Balance Sheet

as at March 31, 2023

(₹ in Crore)

| Particulars | Notes | As at March 31, 2023 | As at March 31, 2022 |
|---|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| a) Property, plant and equipment | 4 | 17,528 | 17,165 |
| b) Capital work-in-progress | 4A | 2,107 | 2,075 |
| c) Intangible assets | 5 | 92 | 231 |
| d) Financial assets | | | |
| i) Investments | 9 | 257 | 0 |
| ii) Loans | 6 | 61 | 2 |
| iii) Others | 13 | 112 | 56 |
| e) Other non-current assets | 7 | 290 | 275 |
| f) Income tax assets | | 145 | 884 |
| Total Non-current assets | | 20,592 | 20,688 |
| Current assets | | | |
| a) Inventories | 8 | 1,862 | 1,953 |
| b) Financial Assets | | | |
| i) Investments | 9 | 9,850 | 15,052 |
| ii) Trade receivables | 10 | 380 | 716 |
| iii) Cash and cash equivalents | 11 | 59 | 1,592 |
| iv) Other Bank balances | 12 | 1,353 | 4,171 |
| v) Loans | 6 | 53 | 2 |
| vi) Others | 13 | 97 | 34 |
| c) Other current assets | 7 | 336 | 463 |
| d) Income tax assets | | 872 | - |
| Total Current assets | | 14,862 | 23,983 |
| TOTAL | | 35,454 | 44,671 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a) Equity share capital | 14 | 845 | 845 |
| b) Other equity | | 12,097 | 33,437 |
| Total Equity | | 12,942 | 34,282 |
| Liabilities | | | |
| Non-current liabilities | | | |
| a) Financial liabilities | | | |
| i) Borrowings | 15 | 1,500 | 2,111 |
| ia) Lease Liabilities | 33 | 19 | 6 |
| ii) Other financial liabilities | 16 | 0 | 0 |
| b) Other non-current liabilities | 18 | 1,048 | 1,024 |
| c) Provisions | 17 | 189 | 212 |
| d) Deferred tax liabilities (net) | 32 | 2,314 | 942 |
| Total Non-current liabilities | | 5,070 | 4,295 |
| Current liabilities | | | |
| a) Financial liabilities | | | |
| i) Borrowings | 15 | 10,341 | 712 |
| ia) Lease Liabilities | 33 | 21 | 15 |
| ii) Operational buyers' credit/ suppliers' credit | 19 | 307 | 280 |
| iii) Trade payables | 20 | | |
| a) Total outstanding dues of Micro Enterprises and Small Enterprises | | 29 | 50 |
| b) Total outstanding dues to creditors other than Micro Enterprises and Small Enterprises | | 2,057 | 1,988 |
| iv) Other financial liabilities | 16 | 2,402 | 1,901 |
| b) Other current liabilities | 18 | 1,695 | 860 |
| c) Provisions | 17 | 26 | 32 |
| d) Income tax liabilities | | 564 | 256 |
| Total Current liabilities | | 17,442 | 6,094 |
| TOTAL | | 35,454 | 44,671 |

See accompanying notes to financial statements.

As per our report on even date

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

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

 per **Tridevjal Khandelwal**

Partner

ICAI Membership No.: 501160

Date: April 21, 2023

Place: Pune

For and on behalf of the Board of Directors

Arun Misra

CEO & Whole-time Director

DIN: 01835605

Sandeep Modi

Chief Financial Officer

Date: April 21, 2023

Place: Udaipur

Anjani Kumar Agrawal

Director

DIN: 08579812

Place: Mumbai

R. Pandwal

Company Secretary

ICSI Membership No.: A9377

Date: April 21, 2023

Place: Udaipur



Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(₹ in Crore)

| Particulars | Notes | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|-------|--------------------------------------|--------------------------------------|
| Revenue from operations | 21A | 33,272 | 28,790 |
| Other Operating income | 21B | 826 | 650 |
| Other income | 22 | 1,382 | 1,216 |
| Total Income | | 35,480 | 30,656 |
| Expenses: | | | |
| Decrease/ (Increase) in inventories of finished goods and work-in-progress | 23 | (143) | (278) |
| Employee benefits expense | 24 | 843 | 717 |
| Depreciation and amortization expense | 26 | 3,264 | 2,917 |
| Power and fuel | | 3,711 | 2,452 |
| Mining Royalty | | 4,068 | 3,667 |
| Finance costs | 25 | 333 | 290 |
| Other expenses | 27 | 8,107 | 6,656 |
| Total expenses | | 20,183 | 16,421 |
| Profit before exceptional item and tax | | 15,297 | 14,235 |
| Exceptional Items | 28 | - | (134) |
| Profit before tax | | 15,297 | 14,101 |
| Tax expense: | | | |
| Current tax | 32 | 3,431 | 2,445 |
| Deferred tax charge | 32 | 1,346 | 2,026 |
| Total tax expenses | | 4,777 | 4,471 |
| Profit for the year | | 10,520 | 9,630 |
| Other comprehensive income/ (loss) | | | |
| A) Items that will not be reclassified to profit or loss in subsequent period | | | |
| (a) Remeasurement gain of the defined benefit plans | | 3 | 15 |
| (b) Tax (expense)/ credit | | 4 | (6) |
| B) Items that will be reclassified to profit or loss in subsequent period | | | |
| (a) Gain/ (Loss) on cash flow hedges recognised during the year | | 98 | (98) |
| (b) Tax (expense)/ credit | | (34) | 34 |
| (c) Net (Loss) on FVTOCI investments | | (34) | - |
| (d) Tax credit | | 4 | - |
| Total other comprehensive income/ (loss) for the year | | 41 | (55) |
| Total comprehensive income for the year | | 10,561 | 9,575 |
| Earnings per share (nominal value of shares ₹ 2) | | | |
| - Basic earnings per share (₹) | 29 | 24.90 | 22.79 |
| - Diluted earnings per share (₹) | 29 | 24.90 | 22.79 |

See accompanying notes to financial statements.

As per our report on even date

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

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per **Tridevlal Khandelwal**

Partner

ICAI Membership No.: 501160

Date: April 21, 2023

Place: Pune

For and on behalf of the Board of Directors

Arun Misra

CEO & Whole-time Director

DIN: 01835605

Sandeep Modi

Chief Financial Officer

Date: April 21, 2023

Place: Udaipur

Anjani Kumar Agrawal

Director

DIN: 08579812

Place: Mumbai

R. Pandwal

Company Secretary

ICSI Membership No.: A9377

Date: April 21, 2023

Place: Udaipur



Standalone Statement of Cash Flow

for the year ended March 31, 2023

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| (A) CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net profit before tax | 15,297 | 14,101 |
| Adjustments to reconcile profit to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 3,264 | 2,917 |
| Interest expense | 333 | 290 |
| Interest income | (1,158) | (838) |
| Amortization of deferred revenue arising from government grant | (157) | (135) |
| Provision for doubtful debts/ advance (refer note 27(4)) | 28 | - |
| Net Loss on investments measured at FVTPL | 16 | 28 |
| Net Loss/ (Gain) on sale of Property, plant and equipment | 9 | (11) |
| Net (Gain) on sale of financial asset investments | (32) | (205) |
| Charge pertaining to Amnesty Scheme (refer note 28) | - | 134 |
| Transfer of CSR Assets (refer note 5(1)) | 117 | - |
| Operating profit before working capital changes | 17,717 | 16,281 |
| Changes in assets and liabilities | | |
| Decrease/ (Increase) in Inventories | 91 | (528) |
| Decrease/ (Increase) in Trade receivables | 336 | (310) |
| Decrease/ (Increase) in Other current assets | 35 | (95) |
| (Increase)/ Decrease in Other non current assets | (57) | 4 |
| Increase in Trade payables | 75 | 773 |
| Increase/ (Decrease) in Other current liabilities | 76 | (1,043) |
| Cash flows from operations | 18,273 | 15,082 |
| Income taxes (paid) during the year (net of refunds) | (3,140) | (2,391) |
| Net cash flows from operating activities | 15,133 | 12,691 |
| (B) CASH FLOW FROM INVESTING ACTIVITIES: | | |
| Purchases of Property, Plant and Equipment (including intangibles, CWIP and Capital Advances) | (3,457) | (2,998) |
| Interest received | 1,441 | 936 |
| Deposits made during the year | (1,500) | (5,500) |
| Deposits matured during the year | 5,500 | 10,227 |
| Inter-corporate loans given | (111) | - |
| Purchase of Non current investments | (105) | - |
| Purchase of current investments | (43,180) | (46,753) |
| Proceeds from sale of current investments | 47,950 | 44,904 |
| Proceeds from sale of Property, Plant and Equipment | 20 | 30 |
| Net cash flows generated from investing activities | 6,558 | 846 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES: | | |
| Interest and other finance charges paid | (287) | (332) |
| Proceeds from short term borrowings | 13,458 | 9 |
| Repayment of short term borrowings | (5,276) | (2,120) |
| Proceeds from long term borrowings | 1,500 | - |
| Repayment of long term borrowings | (704) | (2,204) |
| Payment of principal portion of lease liabilities | (14) | (5) |
| Dividend paid | (31,901) | (7,606) |
| Net cash(used) in financing activities | (23,224) | (12,258) |
| Net (Decrease)/ Increase in Cash and cash equivalents | (1,533) | 1,279 |
| Cash and cash equivalents at the beginning of the year | 1,592 | 313 |
| Cash and cash equivalents at the end of the year (refer note 11) | 59 | 1,592 |

Notes :-

- The figures in brackets indicates outflows.
- The above cash flow has been prepared under "Indirect method" as set out in Indian Accounting Standard (Ind AS -7) Statement of Cash Flows.

See accompanying notes to financial statements.

As per our report on even date

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

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per **Tridevial Khandelwal**

Partner

ICAI Membership No.: 501160

Date: April 21, 2023

Place: Pune

For and on behalf of the Board of Directors

Arun Misra

CEO & Whole-time Director

DIN: 01835605

Sandeep Modi

Chief Financial Officer

Date: April 21, 2023

Place: Udaipur

Anjani Kumar Agrawal

Director

DIN: 08579812

Place: Mumbai

R. Pandwal

Company Secretary

ICSI Membership No.: A9377

Date: April 21, 2023

Place: Udaipur



Standalone Statement of Changes in Equity

for the year ended March 31, 2023

A. EQUITY SHARE CAPITAL

| Equity shares of ₹ 2 each issued, subscribed and fully paid | Numbers of shares (in Crore) | ₹ in Crore |
|---|---------------------------------|------------|
| As at March 31, 2022 | 423 | 845 |
| Changes in equity share capital due to prior period errors | - | - |
| Changes in equity share capital during the current year | - | - |
| As at March 31, 2023 | 423 | 845 |

B. OTHER EQUITY

(₹ in Crore)

| Particulars | Reserve and surplus | | | Items of Other comprehensive Income | | Total |
|---|---------------------|-------------------|--------------------------------|-------------------------------------|----------------------------|---------------|
| | Capital Reserve | Retained earnings | General reserve ⁽²⁾ | Hedging reserve | Debt instruments at FVTOCI | |
| Balance as at April 01, 2021 | 1 | 21,084 | 10,383 | - | - | 31,468 |
| Profit for the year | - | 9,630 | - | - | - | 9,630 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - |
| Other comprehensive income/ (loss) | | | | | | - |
| (a) Remeasurements gain of the defined benefit plans | - | 15 | - | - | - | 15 |
| Tax effect on above | - | (6) | - | - | - | (6) |
| (b) (Loss) on cash flow hedges recognised during the year | - | - | - | (98) | - | (98) |
| Tax effect on above | - | - | - | 34 | - | 34 |
| Total Other comprehensive (loss) for the year | - | 9 | - | (64) | - | (55) |
| Total comprehensive income for the year | - | 9,639 | - | (64) | - | 9,575 |
| Dividend declared - Paid ⁽¹⁾ | - | (7,606) | - | - | - | (7,606) |
| Balance as at March 31, 2022 | 1 | 23,117 | 10,383 | (64) | - | 33,437 |
| Profit for the year | - | 10,520 | - | - | - | 10,520 |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - |
| Other comprehensive income/ (loss) | | | | | | |
| (a) Remeasurements gain of the defined benefit plans | - | 3 | - | - | - | 3 |
| Tax effect on above | - | 4 | - | - | - | 4 |
| (b) Gain on cash flow hedges recognised during the year | - | - | - | 98 | - | 98 |
| Tax effect on above | - | - | - | (34) | - | (34) |
| (c) Net (loss) on FVTOCI investments | - | - | - | - | (34) | (34) |
| Tax effect on above | - | - | - | - | 4 | 4 |
| Total Other comprehensive income for the year | - | 7 | - | 64 | (30) | 41 |
| Total comprehensive income for the year | - | 10,527 | - | 64 | (30) | 10,561 |
| Dividend declared - Paid ⁽¹⁾ | - | (31,901) | - | - | - | (31,901) |
| Balance as at March 31, 2023 | 1 | 1,743 | 10,383 | - | (30) | 12,097 |



Standalone Statement of Changes in Equity

for the year ended March 31, 2023

- (1) During the year, the Company has declared and paid interim dividend of ₹ 31,901 Crore (₹ 75.50 per share) (March 31, 2022: ₹ 7,606 Crore (₹ 18 per share))
- (2) General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of the Companies Act 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn.

During the previous year, the Board of Directors of the Company, Audit & Risk Management Committee and Committee of Independent Directors of the Company, at its meeting held on January 21, 2022 had approved the Scheme of Arrangement (“Scheme”) between the Company and its shareholders under Section 230 and other applicable provisions of the Companies Act, 2013 (“Act”). The Scheme inter alia provides for capital reorganization of the Company, whereby it is proposed to transfer amounts standing to the credit of the General Reserves to the Retained Earnings of the Company with effect from the Appointed Date. During the current year, Securities and Exchange Board of India (through BSE Limited and National Stock Exchange of India Limited), BSE Limited and National Stock Exchange of India Limited (collectively referred to as “Stock Exchanges”) have approved the scheme. Further, the Hon’ble National Company Law Tribunal (‘NCLT’), Jaipur Bench vide its order dated February 06, 2023, approved the scheme and directed to convene shareholders meeting for their approval. NCLT convened shareholders meeting was held on March 29, 2023, where in shareholders also approved the subject scheme. The Scheme will be implemented post receipt of further regulatory approvals/ clearances from the NCLT, Jaipur Bench (second order) and such other approval clearances as may be applicable and required.

Pursuant to the Scheme, the Company will possess greater flexibility to undertake capital related decisions and reflect a more efficient balance sheet.

See accompanying notes to financial statements.

As per our report on even date

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

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per **Tridevial Khandelwal**

Partner

ICAI Membership No.: 501160

Date: April 21, 2023

Place: Pune

For and on behalf of the Board of Directors

Arun Misra

CEO & Whole-time Director

DIN: 01835605

Sandeep Modi

Chief Financial Officer

Date: April 21, 2023

Place: Udaipur

Anjani Kumar Agrawal

Director

DIN: 08579812

Place: Mumbai

R. Pandwal

Company Secretary

ICSI Membership No.: A9377

Date: April 21, 2023

Place: Udaipur



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

1. COMPANY OVERVIEW

Hindustan Zinc Limited (“HZL” or “the Company”) was incorporated on January 10, 1966 and has its registered office at Yashad Bhawan, Udaipur (Rajasthan). HZL’s shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company is engaged in exploring, extracting, processing of minerals and manufacturing of metals.

HZL’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, HZL also has a rock-phosphate 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.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirement of Division II of schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable. The financial statements have been prepared on a going concern basis using historical cost convention and on the accrual basis except for financial instruments which are measured at fair values (refer note 3(l)(a) below). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Accounting policies have been consistently applied in all material aspects except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are approved for issue by the Board of Directors on April 21, 2023. The revision to these financial statements is permitted by the Board of Directors after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

3.(I) SIGNIFICANT ACCOUNTING POLICIES

a) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

or liability and the level of the fair value hierarchy as explained above.

b) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c) Functional and presentation currency

The financial statements are prepared in Indian Rupees (₹), which is the Company's functional currency. All financial information presented in Indian Rupees (₹) has been rounded to the nearest crores. Amounts less than ₹ 0.50 Crore have been presented as "0".

d) Revenue recognition

(i) Sale of goods (products, scrap and residual)

Revenue from contracts with customers is recognised when control (as defined in Ind AS 115) of the goods or services is transferred to the customer as per the

terms of contract, which usually is on delivery of the goods to the carriers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes. Revenues from sale of by-products are included in revenue.

Certain of the Company's sales contracts provide for provisional pricing based on the price on the London Metal Exchange (LME), as specified in the contract. Revenue in respect of such contracts is recognised when control passes to the customer and is measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the measurement period. Post transfer of control of goods, provisional pricing features are accounted in accordance with Ind AS 109 'Financial Instruments' rather than Ind AS 115 and therefore the Ind AS 115 rules on variable consideration do not apply. These 'provisional pricing' adjustments i.e. the consideration received post transfer of control are included in total revenue from operations on the face of the Statement of Profit and loss. Final settlement of the price is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on Company's future performance.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Income from wind energy

Revenue from sale of wind power is recognised when delivered and measured based on rates as per bilateral contractual agreements with buyers and at rate arrived at based on the principles laid down under the relevant Tariff Regulations as notified by the regulatory bodies, as applicable.

(iii) Dividends

Dividend income is recognized in the Statement of Profit and Loss only when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(iv) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(v) Others

Revenue relating to insurance claims and interest on delayed or overdue payments from trade receivable is recognized when no significant uncertainty as to measurability or collection exists.

e) Property, plant and equipment

(i) Property, plant and equipment other than mining properties

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The present value of the expected cost for the decommissioning of an asset and mine restoration after its use is included

in the cost of the respective asset if the recognition criteria for a provision are met. Major machinery spares and parts are capitalized when they meet the definition of Property, Plant and Equipment. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/ other expenses in the Statement of Profit and Loss.

Assets held for sale are carried at lower of their carrying value or fair value less cost to sell.

The cost includes the cost of replacing part of the plant and equipment when significant part of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance cost are recognized in the Statement of Profit and Loss as incurred.

Government grant related to fixed asset is capitalized along with the asset that it relates to and depreciated over the life of the primary asset.

(ii) Mining properties

The costs of mining properties, which include the costs of acquiring and developing mining properties are capitalized as Property, Plant and Equipment under the heading "Mining properties" in the year in which they are incurred. When a decision is taken that a Mining property is viable for commercial production (i.e. when the Company determines that the Mining Property will provide sufficient and sustainable return relative to the risks and the Company decided to proceed with the mine development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalized as developing asset until the mining property are capable of commercial production. Revenue derived during the project phase is adjusted from the cost incurred on the project from which such revenue is generated.



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(iii) Capital work in progress (CWIP)

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized in CWIP until the period of commissioning has been completed and the asset is ready for its intended use.

(iv) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible property and other equipment has been provided on the straight-line method.

- Depreciation has been provided over remaining useful life of the respective property, plant and equipment in respect of additions arising on account of insurance spares, on additions or extension forming an integral part of existing plants and on the revised carrying amount of assets identified as impaired.
- Mining properties are amortized, from the date on which they are first available for use, in proportion to the annual ore raised to the remaining commercial Ore Reserves (on a unit-of-production basis) over the total estimated remaining commercial reserves of each property or group of properties and are subject to impairment review. Commercial reserves are proved and probable reserves and any changes affecting unit of production calculations are dealt with prospectively over the revised remaining reserves. In the year of abandonment of mine, the residual balance in mining properties are written off. Costs used in the computation of unit of production comprises the net book value of the capitalised costs plus the future estimated costs required to be incurred to access the commercial reserves.
- Based on technical evaluation, the management believes that the useful lives as given below best represent the period over which the management expects to use the asset.

| Assets | Useful life in years |
|-------------------------------|----------------------|
| Factory buildings | 30 years |
| Residential buildings | 60 years |
| Roads (included in buildings) | 5-10 years |

| Assets | Useful life in years |
|---|----------------------|
| Computers and data processing equipment (included in office equipments) | 3-6 years |
| Plant and Equipment (including captive power plant) | 8-40 years |
| Railway sidings | 15 years |
| Office equipment | 5 years |
| Furniture and fixtures | 10 years |
| Vehicles | 8-10 years |

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(v) Exploration & evaluation assets

Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to explore are expensed as incurred.

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore, are capitalised as exploration and evaluation assets (intangible assets) and stated at cost less impairment, if any. Exploration and evaluation assets are transferred to the appropriate category of property, plant and equipment when the technical feasibility and commercial viability has been determined. Exploration and evaluation assets are assessed for impairment and impairment loss, if any, is recognised prior to reclassification.

Exploration expenditure includes all direct and allocated indirect expenditure associated with finding specific Mineral Resources.

(vi) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowings of the funds.

f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated



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amortization and accumulated impairment losses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Intangible assets are amortized over their estimated useful life. Amounts paid for securing mining rights are amortized over the period of mining lease of 20 years. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

g) Impairment of non-financial assets

Impairment charges and reversals are assessed at the level of cash-generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment tests are carried out annually for all assets when there is an indication of impairment. The Company conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognized impairment losses. External factors, such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognized impairment losses.

If any such indication exists then an impairment review is undertaken, the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

Any reversal of the previously recognized impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets – recognition and subsequent measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition



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of the financial asset. Purchases or sales of financial assets except treasury investment that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Trade receivables that do not contain a significant financing component are measured at transaction price as per Ind AS 115. Treasury investments are accounted for when the amount is settled in Bank account. For purposes of subsequent measurement, financial assets are classified in three categories:

- **Financial assets at amortized cost**

A 'financial asset' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

A 'financial asset' is classified as the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss. Interest earned whilst

holding FVTOCI debt instrument is reported as interest income using the EIR method.

For equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

- **Financial assets at fair value through Statement of Profit and Loss (FVTPL)**

FVTPL is a residual category for debt instruments and default category for equity instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not invested in any equity instruments.

Debt instrument included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. For equity instruments which are classified as FVTPL, all subsequent fair value changes are recognised in the Statement of Profit and Loss.

Further, the provisionally priced trade receivables are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

Financial assets - derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of



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the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and trade receivables
- Financial assets that are debt instruments and are measured as at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion

of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss (P&L). The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities – recognition and subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:



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- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of Profit and Loss.

- **Financial Liabilities at amortized cost (Loans, Borrowings and Trade and Other payables)**

After initial recognition, interest-bearing loans, borrowings and Trade and Other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through Profit or Loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through Profit or Loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.



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Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

i) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward currency contracts, commodity contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature

of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the Statement of Profit and Loss.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the Statement of Profit and Loss.

Amounts recognized as OCI are transferred to Statement of Profit and Loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity



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until the forecast transaction occurs or the foreign currency firm commitment is met.

j) Government grants, subsidies and export incentives

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate.

Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset and presented within other income.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

k) Inventories

Inventories are valued at the lower of cost and net realizable value, less any provision for obsolescence.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (i) Ore, concentrate (mined metal), work-in-progress and finished goods (including significant by-products i.e. silver) are valued at lower of cost or net realizable value on weighted average basis.
- (ii) Stores and spares are valued at lower of cost or net realizable value on weighted average basis.
- (iii) Immaterial by-products, aluminium scrap, chemical lead scrap, anode scrap and coke fines are valued at net realizable value.

Net realizable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

l) Taxation

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial



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recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

m) Retirement and other employee benefit schemes

i. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

ii. Post-employment benefits

Gratuity

In accordance with the Payment of Gratuity Act of 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed at least 5 years of service; at retirement, disability or termination of employment being an amount equal to 15 days' salary (based on the respective employee's last drawn salary) for every completed year of service.

Based on actuarial valuations conducted as at year end, a provision is recognized in full for the benefit obligation over and above the funds held in the Gratuity Plan.

In respect of defined benefit schemes, the assets are held in separately administered funds. In respect of defined benefit schemes, the cost of providing benefits under the plans is determined by actuarial valuation separately each year using the projected unit credit method by independent qualified actuary as at the year end.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Provident fund

The Company offers retirement benefits to its employees, under provident fund scheme which is a defined benefit plan. The Company and employees contribute at predetermined rates to 'Hindustan Zinc Limited Employee's Contributory Provident Fund' (the 'Trust') accounted on accrual basis and the conditions for grant of exemption stipulate that the employer shall make good the deficiency, if any,



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between the return guaranteed by the statute and actual earning of the Trust. The contribution towards provident fund is recognized as an expense in the Statement of Profit and Loss.

Family Pension

The Company offers its employees benefits under defined contribution plans in the form of family pension scheme. Contributions are paid during the year into the fund under statutory arrangements. The contribution to family pension fund is made at predetermined rates by the Company based on prescribed rules of family pension scheme. The contribution towards family pension is recognized as an expense in the Statement of Profit and Loss. The Company has no further obligation other than the contribution made.

Superannuation

Certain employees of the Company, who have joined post disinvestment are members of the Superannuation plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India. The contribution is recognized as an expense in the Statement of Profit and Loss.

iii. Other Long-Term employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur. Actuarial differences are recognised immediately in the Statement of Profit and Loss.

n) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the

risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

(i) Provision for Decommissioning

The Company recognizes a provision for decommissioning costs of smelting and refining facilities. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at pre-tax rate that reflects the risks specific to the liability. The unwinding of the discount is expensed as incurred and recognized in the Statement of Profit and Loss as a finance cost. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

The Company recognizes provision for discontinuing of a smelting operation which is charged to the Statement of Profit and Loss. Management estimates are based on third party technical estimates. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

(ii) Provision for restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or on-going production of a mine. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalized at the start of each project as mining properties, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision (considered as finance cost). The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate as per the depreciation policy.



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Costs for the restoration of subsequent site damage, which is caused on an on-going basis during production, are charged to the Statement of Profit and Loss as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

o) Foreign currency translation

The functional currency for the Company is determined as the currency of the primary economic environment in which it operates. For the Company, the functional currency is the local currency of the country in which it operates, which is Indian Rupee.

In the financial statements of the Company, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the Statement of Profit and Loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

p) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker ("CODM") i.e. CEO. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "Unallocated revenue/ expenses/ assets/ liabilities".

r) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(b) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are also subject to impairment.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

(ii) Lease liabilities

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the



Notes Forming Part of the Financial Statements

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accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Other Financial Liabilities.

(iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

t) Investment in joint venture

Investments representing equity interest in joint ventures are carried at cost. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

u) Operational buyers' credit/ suppliers' credit

The Company enters into arrangements where by banks and financial institutions make direct payments to suppliers for goods and services. The banks and financial institutions are subsequently repaid by the

Company at a later date providing working capital timing benefits. These are normally settled up to twelve months. Where these arrangements are for goods used in the normal operations of the Company with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as operational buyers' credit/ suppliers' credit and disclosed on the face of the balance sheet. Interest expense on these are recognised in the finance cost. Payments made by banks and financial institutions to the operating vendors are treated as a non cash item and settlement of due to operational buyer's credit/ suppliers' credit by the Company is treated as an cash outflow from operating activity reflecting the substance of the payment.

Payments made to vendors are treated as cash item and disclosed as cash flows from operating/ investing activity depending on the nature of the underlying transaction. Settlement of dues to banks and financial institution are treated as cash flows from financing activity.

v) Provisions, contingent liabilities and contingent assets

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot



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be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Balance Sheet.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Financial guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefit is probable.

The Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet.

3.(II) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards

The Company has adopted, with effect from April 01, 2022, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the financial statements.

1. Amendment to Ind AS 16 clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment.
2. Amendment to Ind AS 37 regarding costs that an entity needs to include when assessing whether a contract is onerous or loss-making.
3. Amendment to Ind AS 109 Financial Instrument regarding inclusion of fees in the '10 per cent' test for derecognition of financial liabilities.
4. Amendment to Ind AS 103 Business Combination, reference to the Conceptual Framework for Financial Reporting.

Standards issued but not yet effective

The Ministry of Corporate Affairs has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023, effective from April 01, 2023, resulting in amendments to below existing Ind AS.

Ind AS 102 - Share Based Payment

Ind AS 103 - Business Combinations

Ind AS 107 - Financial Instruments - Disclosures

Ind AS 109 - Financial Instruments

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 1 - Presentation of Financial Statements

Ind AS 8 - Accounting Policies, Change in Accounting Estimates and Errors

Ind AS 12 - Income Taxes

Ind AS 34 - Interim Financial Reporting

These amendments are not expected to have any significant impact on the Company. The Company has not early adopted any amendments that have been notified but is not yet effective.

3.(III) CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent liabilities at the date of these financial statements. Actual results may differ from these estimates under different assumptions and conditions.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Information about estimates and judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

(A) Significant estimates

(i) Mining property and Ore Reserve

Ore Reserves and Mineral Resources estimates are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its Ore Reserves and Mineral Resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade



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of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. As a consequence of such an assessment made at the end of the current year, the Company has added new reserves and there is no material impact on the depreciation charge for the year due to this change.

(ii) Restoration, rehabilitation and environmental costs

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine fields. The costs are estimated on annual basis on the basis of mine closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalized when incurred reflecting the Company's obligations at that time. The Company has not considered salvage value for the estimates of provision for decommissioning calculated as at March 31, 2023.

The provision for decommissioning liabilities (refer note 17) is based on the current estimate of the costs for removing and decommissioning producing facilities, the forecast timing of settlement of decommissioning liabilities and the appropriate discount rate.

(iii) Assessment of useful lives and consumption pattern of Property, Plant and Equipments

The Company reviews the useful lives and consumption pattern of Property, Plant and Equipment at the end of each reporting period.

(B) Significant judgement

(i) Contingencies

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

While considering the possible, probable and remote analysis of taxation, legal and other claims, there is always a certain degree of judgement involved pertaining to the application of the legislation which in certain cases is supported by views of tax experts and/ or earlier precedents in similar matters. Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on the Company's financial position or profitability.

(ii) Climate change

The Company aims to achieve net carbon neutrality by 2050 or sooner & committed to reduce its GHG emissions (Scope-1 & 2) by 14% by 2026 & Scope 3 by 20% by 2026 from 2017 baseline, 5 times water positive by 2025 from current 2.41 times etc. as part of their climate mitigation and adaptation efforts and sustainability strategy. The Company conducted climate risk assessment and outlined its risks and opportunities in Task Force on Climate-Related Financial Disclosures ("TCFD") report. Climate change may have various impacts on the Company in the medium to long term. These impacts include the risks and opportunities related to the demand of products, impact due to transition to a low-carbon economy, disruption to the supply chain, risk of physical harm to the assets due to extreme weather conditions, regulatory changes etc. The accounting related measurement and disclosure items that are most impacted by our commitments, and climate change risk more generally, relate to those areas of the financial statements that are prepared under the historical cost convention and are subject to estimation uncertainties in the medium to long term.

The potential effects of climate change may be on assets and liabilities that are measured based on an estimate of future cash flows. The main ways in which potential climate change impacts have been considered in the preparation of the financial statements, pertain to (a) inclusion of capex in cash flow projections, (b) recoverable amounts of existing assets, (c) review of estimates of useful lives of property, plant and equipment, (d) assets and liabilities carried at fair value, etc.

The Company's strategy consists of mitigation and adaptation measures and is committed to reduce its carbon footprint by limiting its exposure to coal-based projects and reducing its GHG emissions through high impact initiatives such as investment in Renewable Energy (450 MW Power delivery



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agreement ('PDA') signed on a group captive basis, fuel switch, electrification of vehicles and mining fleet and energy efficiency opportunities. However, renewable sources have limitations in supplying round the clock power, so existing power plants would support transition and fleet replacement is part of normal lifecycle renewal. We have also taken certain measures towards water management such as commissioning of zero liquid discharge plants, sewage treatment plant, dry tailing plant, rainwater harvesting, thus reducing freshwater consumption. These initiatives are aligned with the Company's ESG strategy and no material changes were identified to the financial statements as a result

As the Company's assessment of the potential impacts of climate change and the transition to a low-carbon economy continues to mature, any future changes in the Company's climate change strategy, changes in environmental laws and regulations and global decarbonisation measures may impact the Company's significant judgments and key estimates and result in changes to financial statements and carrying values of certain assets and liabilities in future reporting periods. However, as of the balance sheet date, the Company believes that there is no material impact on carrying values of its assets or liabilities



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| Particulars | (₹ in Crore) | | | | | | | | | | Total | |
|---|---------------|-----------|---------------------------------------|------------------------|----------|------------------|----------------|-------------------------------------|-----------------------------|--|-------|--------|
| | Freehold land | Buildings | Plant and equipment (refer note 5(1)) | Furniture and fixtures | Vehicles | Office equipment | Railway siding | Mining properties (refer note 5(2)) | Right of use ⁽⁴⁾ | | | |
| At Cost | | | | | | | | | | | | |
| As at April 1, 2021 | 331 | 2,086 | 20,146 | 36 | 42 | 363 | 94 | 8,556 | 193 | | | 31,847 |
| Additions ^(1&4) | - | 45 | 1,494 | - | 15 | 33 | - | 1,811 | 2 | | | 3,400 |
| Disposals/ adjustments | - | 1 | 449 | 0 | 4 | 3 | - | - | - | | | 457 |
| Transfer/ Reclassification (from)/ to | (40) | - | - | - | - | - | - | 247 | 40 | | | 247 |
| As at March 31, 2022 | 291 | 2,130 | 21,191 | 36 | 53 | 393 | 94 | 10,614 | 235 | | | 35,037 |
| Additions ^(1&4) | 3 | 132 | 1,719 | 2 | 4 | 21 | - | 1,595 | 32 | | | 3,508 |
| Disposals/ adjustments | 2 | 12 | 650 | 2 | 5 | 12 | - | - | - | | | 683 |
| Transfer/ Reclassification (from)/ to | - | - | - | - | - | - | - | 149 | - | | | 149 |
| As at March 31, 2023 | 292 | 2,250 | 22,260 | 36 | 52 | 402 | 94 | 12,358 | 267 | | | 38,011 |
| Accumulated depreciation | | | | | | | | | | | | |
| As at April 1, 2021 | - | 609 | 9,554 | 25 | 26 | 239 | 38 | 4,895 | 14 | | | 15,400 |
| Depreciation charge for the year ⁽³⁾ | - | 80 | 1,114 | 2 | 4 | 30 | 5 | 1,665 | 9 | | | 2,909 |
| Disposals/ adjustments | - | - | 433 | - | 2 | 2 | - | - | - | | | 437 |
| As at March 31, 2022 | - | 689 | 10,235 | 27 | 28 | 267 | 43 | 6,560 | 23 | | | 17,872 |
| Depreciation charge for the year ⁽³⁾ | - | 77 | 1,225 | 2 | 6 | 34 | 5 | 1,889 | 17 | | | 3,255 |
| Disposals/ adjustments | - | 11 | 616 | 2 | 3 | 12 | - | - | - | | | 644 |
| As at March 31, 2023 | - | 755 | 10,844 | 27 | 31 | 289 | 48 | 8,449 | 40 | | | 20,483 |
| Net Book Value | | | | | | | | | | | | |
| As at March 31, 2023 | 292 | 1,495 | 11,416 | 9 | 21 | 113 | 46 | 3,909 | 227 | | | 17,528 |
| As at March 31, 2022 | 291 | 1,441 | 10,956 | 9 | 25 | 126 | 51 | 4,054 | 212 | | | 17,165 |



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

4(A) Capital work in progress

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Carrying amount of Capital work in progress | 2,107 | 2,075 |

Capital work in progress (CWIP) Ageing Schedule

(₹ in Crore)

| CWIP | As at March 31, 2023 | | | As at March 31, 2022 | | |
|-------------------|----------------------|--------------------------------|--------------|----------------------|--------------------------------|--------------|
| | Projects in progress | Projects temporarily suspended | Total | Projects in progress | Projects temporarily suspended | Total |
| Less than 1 year | 1,007 | - | 1,007 | 1026 | - | 1,026 |
| 1-2 years | 300 | - | 300 | 378 | - | 378 |
| 2-3 years | 240 | - | 240 | 206 | - | 206 |
| More than 3 years | 560 | - | 560 | 465 | - | 465 |
| Total | 2,107 | - | 2,107 | 2075 | - | 2,075 |

CWIP completion schedule for projects whose completion is overdue compared to its original plan:

(₹ in Crore)

| CWIP | As at March 31, 2023 | | | | As at March 31, 2022 | | | |
|----------------------------|----------------------|-----------|-----------|-------------------|----------------------|-----------|-----------|-------------------|
| | To be completed in | | | | To be completed in | | | |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Less than 1 year | 1-2 years | 2-3 years | More than 3 years |
| Project in Progress | | | | | | | | |
| Fumer Project | 534 | - | - | - | 527 | - | - | - |
| RD Mill project | 285 | - | - | - | - | - | - | - |
| Others | 93 | - | - | - | 67 | - | - | - |
| Total | 912 | - | - | - | 594 | - | - | - |

(1) Addition to plant & equipment includes finance cost capitalised of ₹ 14 Crore (March 31, 2022: ₹12 Crore)

(2) During the year, the Company has capitalised the following expenses which are attributable to the construction activity and are included in the cost of CWIP. Consequently, expenses disclosed under the respective notes are net of such amounts.

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------------|-------------------------|-------------------------|
| Power and fuel charges | 79 | 34 |
| Repairs and Others | 386 | 361 |
| Consumption of Stores and Spare parts | 322 | 322 |
| Employee Benefit Expenses | 121 | 76 |
| Finance Cost | 20 | 11 |
| Insurance | 2 | - |
| Miscellaneous expenses | - | 1 |
| Total | 930 | 805 |

(3) During the year, the Company has capitalised Nil depreciation attributable to certain assets under development (March 31, 2022: ₹4 Crore). Accordingly, depreciation reported in note 26 for the year ended March 31, 2023 is ₹ 3,255 Crore (March 31, 2022: ₹ 2,905 Crore)

(4) Carrying amount of right-of-use assets recognised and the movements during the period is as below:

(₹ in Crore)

| Particulars | Plant & machinery | Buildings | Land | Total |
|-----------------------------|-------------------|-----------|------------|------------|
| As at April 1, 2021 | 26 | 3 | 150 | 179 |
| Additions | - | 1 | 41 | 42 |
| Depreciation | (1) | (1) | (7) | (9) |
| As at March 31, 2022 | 25 | 3 | 184 | 212 |
| Additions | 32 | - | - | 32 |
| Depreciation | (9) | (1) | (7) | (17) |
| As at March 31, 2023 | 48 | 2 | 177 | 227 |



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5. INTANGIBLE ASSETS

(₹ in Crore)

| Particulars | Computer software | Mining rights | Right to use asset ⁽¹⁾ | Exploration & Evaluation asset ⁽²⁾ | Total |
|---------------------------------|-------------------|---------------|-----------------------------------|---|------------|
| At Cost | | | | | |
| As at April 1, 2021 | 49 | 67 | 143 | 200 | 459 |
| Additions | 1 | - | - | 128 | 129 |
| Disposals/ adjustments | - | - | - | - | - |
| Transfer (from)/ to | - | - | - | (247) | (247) |
| As at March 31, 2022 | 50 | 67 | 143 | 81 | 341 |
| Additions | 1 | - | - | 126 | 127 |
| Disposals/ adjustments | - | - | 143 | - | 143 |
| Transfer (from)/to | - | - | - | (149) | (149) |
| As at March 31, 2023 | 51 | 67 | - | 58 | 176 |
| Accumulated depreciation | | | | | |
| As at April 1, 2021 | 44 | 29 | 25 | - | 98 |
| Charge for the year | 2 | 4 | 6 | - | 12 |
| Disposals/ adjustments | - | - | - | - | - |
| As at March 31, 2022 | 46 | 33 | 31 | - | 110 |
| Charge for the year | 1 | 4 | 4 | - | 9 |
| Disposals/ adjustments | - | - | 35 | - | 35 |
| As at March 31, 2023 | 47 | 37 | - | - | 84 |
| Net Book Value | | | | | |
| As at March 31, 2023 | 4 | 30 | - | 58 | 92 |
| As at March 31, 2022 | 4 | 34 | 112 | 81 | 231 |

(1) Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company, during the current year, has transferred its CSR assets after obtaining regulatory approvals, having carrying value of ₹ 117 Crore as on the date of transfer, at nominal consideration to Zinc India Foundation (wholly owned subsidiary), incorporated during the current year under Section 8 of the Companies Act, 2013. The carrying value of these assets has been included as CSR expense in the financial statements owing to such transfer.

(2) ₹ 149 Crore (March 31, 2022: ₹ 247 Crore) transferred from Exploration & Evaluation asset to Mining properties (refer note 3(l)(e)v)

6. LOANS

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------------|----------------------|----------------------|
| Non-current | | |
| Unsecured, considered good | | |
| Loan to related party (refer note 37) | 61 | - |
| Loans to employees | - | 2 |
| Total | 61 | 2 |
| Current | | |
| Unsecured, considered good | | |
| Loan to related party (refer note 37) | 50 | - |
| Loans to employees | 3 | 2 |
| Total | 53 | 2 |



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as at and for the year ended March 31, 2023

7. OTHER ASSETS

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Non-current | | |
| Unsecured, considered good | | |
| Capital advances | 179 | 166 |
| Claims and other receivables ⁽¹⁾ | 111 | 109 |
| | 290 | 275 |
| Unsecured, credit impaired | | |
| Claims and other receivables | 7 | 7 |
| Provision on doubtful deposits and claims | (7) | (7) |
| | - | - |
| Total | 290 | 275 |
| Current | | |
| Unsecured, considered good | | |
| Advance given to vendors for supply of goods and services | 47 | 106 |
| Balance with government authorities | 154 | 230 |
| Claims and other receivables ⁽²⁾ | 135 | 127 |
| Total | 336 | 463 |

(1) Pertains to Indirect taxes and royalty deposited under dispute with respect to various matters currently litigated in court of law and at various levels of adjudication. During the previous year, the Company had opted to settle Entry Tax matter under phase II of "Amnesty Scheme 2021" launched by Government of Rajasthan, pursuant to which Company had written off balances of ₹ 113 Crore (see note 28).

(2) Includes mainly ₹ 51 Crore (March 31, 2022: ₹ 74 Crore) export benefit incentive receivable which mainly includes RoDTEP receivable of ₹ 25 Crore (March 31, 2022: ₹ 38 Crore), ₹ 51 Crore (March 31, 2022: ₹ 4 Crore) CSR pre-spent and ₹ 32 Crore (March 31, 2022: ₹ 49 Crore) prepaid expenses.

8. INVENTORIES^{*(2)}

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| a. Work in progress | | |
| Ore | 96 | 66 |
| Mined Metal | 677 | 475 |
| Others | 457 | 547 |
| b. Finished goods ⁽¹⁾ | 28 | 27 |
| c. Fuel Stock | 236 | 354 |
| [Including goods in transit ₹ 148 Crore (March 31, 2022: ₹ 293 Crore)] | | |
| d. Stores and spare parts | 368 | 484 |
| [Including goods in transit ₹ 20 Crore (March 31, 2022: ₹ 22 Crore)] | | |
| Total | 1,862 | 1,953 |

* For method of valuation of inventories, refer note 3(l)(k)

(1) Inventory held at net realizable value amounted to ₹ 5 Crore (March 31, 2022: ₹ 5 Crore). The write down on this inventory of Nil (March 31, 2022: Nil) has been recognized as an expense in Statement of Profit and Loss.

(2) The Company follows suitable provisioning norms for writing down the value of inventories towards slow moving, non-moving and surplus inventory. Provision for slow and non moving inventories amounting to ₹ 36 Crore has been reversed (March 31, 2022: ₹ 36 Crore created) on account of consumption of respective slow moving/ non-moving inventories during the year and has been recognized in the Statement of Profit and Loss.



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

9. INVESTMENTS

Non Current

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Measured at cost | | |
| Investment in equity shares (fully paid up unless otherwise stated) | | |
| Subsidiary Company - Unquoted | | |
| Hindustan Zinc Alloys Private Limited (1,00,000 equity shares (March 31, 2022: 1,00,000) of ₹ 10 each) | 0 | 0 |
| Vedanta Zinc Football & Sports Foundation (1,000 equity shares (March 31, 2022: 1,000) of ₹ 100 each) | 0 | 0 |
| Zinc India Foundation (1,000 equity shares (March 31, 2022: Nil) of ₹ 100 each) | 0 | - |
| Hindustan Zinc Fertilisers Private Limited (1,00,000 equity shares (March 31, 2022: Nil) of ₹ 10 each) | 0 | - |
| | 0 | 0 |
| Joint Venture - Unquoted | | |
| Madanpur South Coal Company Limited (1,14,391 equity shares (March 31, 2022: 1,14,391) of ₹ 10 each) | 2 | 2 |
| Less: Aggregate amount of impairment in the value of investment | (2) | (2) |
| | - | - |

The Company had access of up to 31.5 million MT of coal as a partner in the joint venture 'Madanpur South Coal Company Limited' (Madanpur JV), a Company incorporated in India, where it holds 17.62% of ownership interest. During the year 2013-14, Honourable Supreme Court had passed the judgment cancelling all the coal blocks including Madanpur JV allocated since 1993 with certain exceptions and consequently the Company does not have any business to pursue. Accordingly, the Company had created 100% provision against its investment in Madanpur JV amounting to ₹ 2 Crore.

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Measured at fair value through profit and loss | | |
| Investment in preference shares - Unquoted | | |
| Serentica Renewables India 4 Private Limited (10,50,00,000 Optionally Convertible Redeemable Preference Shares of ₹ 10 each) | 105 | - |
| | 105 | - |

During the current year, the Company has entered into Power delivery agreement ('PDA') with Serentica Renewables India 4 Private Limited ('Serentica 4') for sourcing of 200 MW (contracted capacity) renewable power on round the clock ('RTC') basis under group captive arrangement for 25 years. Under the terms of the PDA, Company is expected to infuse equity of ₹ 350 Crore for twenty six percent in Serentica 4. During the current year, the Company has made an investment of ₹ 105 Crore in Optionally Convertible Redeemable Preference Shares ('OCRPS') and pending committed investment of ₹ 245 Crore in OCRPS to be made basis fulfilment of conditions of the PDA. These OCRPS will be converted into equity basis conversion terms of the PDA.

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Measured at fair value through other comprehensive income | | |
| Investment in zero coupon bonds - quoted | 152 | - |
| | 152 | - |
| Total Non Current Investments | 257 | 0 |



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

Current

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Measured at fair value through profit and loss | | |
| Investment in bonds - quoted | 1,573 | 2,157 |
| Investment in zero coupon bonds - quoted | - | 4,153 |
| Investment in perpetual bonds - quoted | 2,261 | 2,277 |
| Investments in commercial paper - quoted | - | 150 |
| Investment in mutual funds - quoted | - | 1,196 |
| Investment in mutual funds - unquoted | 1,777 | 5,119 |
| | 5,611 | 15,052 |
| Measured at fair value through other comprehensive income | | |
| Investment in zero coupon bonds - quoted | 2,133 | - |
| Investment in perpetual bonds - quoted | 2,106 | - |
| | 4,239 | - |
| Total Current Investments* | 9,850 | 15,052 |
| Aggregate amount of quoted investment at market value thereof | 8,073 | 9,933 |
| Aggregate amount of unquoted investment | 1,777 | 5,119 |

*Investments amounting to ₹ 1,812 Crore (March 31, 2022: Nil) are pledged as security for repurchase liability (refer note 15(4)). The Company continues to record these investments as it retains rights to contractual cash flows on such investments and thus do not meet the criteria for derecognition or transfer of financial asset as per Ind AS 107.

10. TRADE RECEIVABLES⁽¹⁾⁽³⁾⁽⁴⁾

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Unsecured | | |
| Considered good ⁽²⁾ | 380 | 716 |
| Trade receivables - credit impaired | 2 | 1 |
| | 382 | 717 |
| Provision for doubtful trade receivables | (2) | (1) |
| Total | 380 | 716 |

Trade receivables Ageing Schedule

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------------------|-------------------------|-------------------------|
| Undisputed - considered good | | |
| Not Due | 300 | 556 |
| Less than 6 months | 69 | 139 |
| 6 months - 1 year | 6 | 11 |
| 1-2 years | 5 | 8 |
| 2-3 years | - | - |
| More than 3 years | - | - |
| Total | 380 | 714 |



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Disputed - considered good | | |
| Not Due | - | - |
| Less than 6 months | - | - |
| 6 months - 1 year | - | - |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | 2 |
| Total | - | 2 |
| Undisputed - Credit Impaired | | |
| Not Due | - | - |
| Less than 6 months | - | - |
| 6 months - 1 year | - | - |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | 2 | 1 |
| Total | 2 | 1 |
| Less: Provision for doubtful trade receivables | (2) | (1) |
| Total Trade receivables | 380 | 716 |

- (1) The average credit period given to customer ranges from zero to one hundred twenty days (March 31, 2022: zero to one hundred eighty days). Interest is charged on trade receivables for the credit period, from the date of the invoice at 7.25% to 10.10% (March 31, 2022: 7.15% to 8.65%) per annum on the outstanding balance.
- (2) Unsecured considered good includes, ₹ 35 Crore (March 31, 2022: ₹ 75 Crore) due from wind energy segment's trade receivables. Unsecured trade receivable of ₹ 136 Crore (March 31, 2022: ₹ 329 Crore) are covered against letter of credit and bank guarantees.
- (3) Refer note 37 for details of related party balances and terms and conditions.
- (4) The total trade receivables as at April 01, 2021 were ₹ 406 Crore (net of provision of ₹ 1 Crore).

11. CASH AND CASH EQUIVALENTS

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Balances with banks | | |
| On current accounts | 59 | 82 |
| Deposits with original maturity of less than 3 months | - | 1,510 |
| Total | 59 | 1,592 |

12. OTHER BANK BALANCES

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Bank deposits having maturity more than 3 months but not more than 12 months | 0 | - |
| Bank deposits with original maturity of more than 12 months ⁽¹⁾ | - | 4,145 |
| Earmarked unpaid dividend accounts | 1,353 | 26 |
| Total | 1,353 | 4,171 |

- (1) The deposits can be withdrawn by the Company at any point without prior notice or penalty on the principal.



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

13. OTHER FINANCIAL ASSETS

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Non-current | | |
| Unsecured, considered good | | |
| Security Deposits | 107 | 51 |
| Bank Deposits with more than 12 months maturity | 5 | 5 |
| Unsecured, credit impaired | | |
| Security Deposits | 27 | 27 |
| Provision for doubtful deposits | (27) | (27) |
| Total | 112 | 56 |
| Current | | |
| Unsecured, considered good | | |
| Interest accrued on deposits | 3 | 1 |
| Derivative assets (refer note 35) | 32 | 1 |
| Receivable from related party (refer note 37) | 9 | 32 |
| Other receivable | 53 | - |
| Unsecured, credit impaired | | |
| Receivable from related party (refer note 37) | 28 | - |
| Provision for doubtful receivable (see note 27(4)) | (28) | - |
| Total | 97 | 34 |

14. EQUITY SHARE CAPITAL

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| A. Authorized equity share capital | | |
| Equity shares of ₹ 2 (March 31, 2021: ₹ 2) each | 1,000 | 1,000 |
| No. of Shares (In Crore) | 500 | 500 |
| B. Issued, subscribed and paid up | | |
| Equity shares of ₹ 2 (March 31, 2021: ₹ 2) each | 845 | 845 |
| No. of Shares (In Crore) | 423 | 423 |
| C. Equity shares held by Holding Company | | |
| Vedanta Limited | | |
| No. of Shares (In Crore) | 274 | 274 |
| % of Holding | 64.92% | 64.92% |
| D. No shares issued for consideration other than cash and no shares bought back during the period of five years immediately preceding the reporting date | | |
| E. Details of shareholders holding more than 5% shares in the Company | | |
| Vedanta Limited | | |
| No. of Shares (In Crore) | 274 | 274 |
| % of Holding | 64.92% | 64.92% |
| Government of India - President of India | | |
| No. of Shares (In Crore) | 125 | 125 |
| % of Holding | 29.54% | 29.54% |



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| F. Details of shares held by promoters | | |
| Vedanta Limited | | |
| No. of shares at the beginning of the year (In Crore) | 274 | 274 |
| Change during the year (In Crore) | - | - |
| No. of shares at the end of the year (In Crore) | 274 | 274 |
| % of Total Shares* | 64.92% | 64.92% |
| % change during the year | - | - |

*As at March 31, 2023, 6.77% (March 31, 2022: 5.77%) of total paid up share capital of the Company have been pledged by promoters for securing loan facilities from banks/ financial institutions along with a non-disposal undertaking in respect of their holding in the Company to the extent of 50.1% of the paid up share capital of the Company. Subsequent to March 31, 2023, this has increased from 6.77% to 9.21% till board meeting date.

G. Terms/ Rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 2 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividend as and when declared by the Company. Interim dividend is paid as and when declared by the Board. Final dividend is paid after obtaining shareholders' approval. Dividends are paid in Indian Rupees. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount in proportion to their shareholding.

15. BORROWINGS

Non-current

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| At amortised cost | | |
| Unsecured | | |
| Non-convertible debentures ⁽¹⁾ | 2,111 | 2,814 |
| Term-loan from banks ⁽²⁾ | 1,500 | - |
| Total Non-current borrowing | 3,611 | 2,814 |
| Less: Current maturities of long-term borrowings | (2,111) | (703) |
| Total (Net) | 1,500 | 2,111 |

(1) During the financial year 2020-21, the Company had issued 35,200 Unsecured, Rated, Non-convertible debentures (NCDs) of face value of ₹ 10,00,000 each at an interest rate of 5.35%, aggregating upto ₹ 3,520 Crore. The NCDs are due for repayment in three yearly installments of ₹ 704 Crore, ₹ 704 Crore and ₹ 2,112 Crore respectively starting from September, 2021. As at March 31, 2023, the carrying value is ₹ 2,111 Crore (net of non cash changes).

(2) Term Loan from banks carry an effective interest rate of 8.25% p.a., and are due for repayment in two installments of ₹ 500 Crore and ₹ 1,000 Crore in September 2024 and March 2025 respectively. The loan facility is subject to financial covenant of Debt Service Coverage Ratio (DSCR) (Standalone) which must be complied with. The Company has complied with the covenant as per the terms of the loan agreement.

Current

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| At amortised cost | | |
| Unsecured | | |
| Commercial paper ⁽¹⁾ | 4,225 | - |
| Current maturities of long-term borrowing | 2,111 | 703 |
| Term-loan from banks ⁽²⁾ | 2,500 | - |
| Working capital loans from banks ⁽³⁾ | - | 9 |
| | 8,836 | 712 |
| Secured | | |
| Repurchase liability ⁽⁴⁾ | 1,505 | - |
| | 1,505 | - |
| Total | 10,341 | 712 |



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

- (1) Commercial Papers as on March 31, 2023 carry an effective interest rate in the range of 7.30% p.a. to 8.12% p.a. (March 31, 2022: Nil), and are repayable in 85 to 182 days (March 31, 2022: Nil days) from the date of issue of commercial papers.
- (2) Term Loan from banks carry an effective interest rate of 7.57% p.a. and are due for repayment in two installments of ₹ 1,500 Crore and ₹ 1,000 Crore in November 2023 and March 2024 respectively. The loan facility is subject to financial covenant of Debt Service Coverage Ratio (DSCR) (Standalone) which must be complied with. The Company has complied with the covenant as per the terms of the loan agreement.
- (3) Working Capital Loans from banks as on March 31, 2022 carried an effective interest rate of 7.20% and were repayable after 7 days.
- (4) Repurchase liability as on March 31, 2023 carry an effective interest rate in the range of 7.99% p.a. to 8.15% p.a. (March 31, 2022: Nil), secured by current investments amounting to ₹ 1,812 Crore and are repayable in 102 to 109 days (March 31, 2022: Nil days) from the date of borrowings through repurchase obligation.

Movement in borrowings during the year is provided below:

| (₹ in Crore) | | | |
|-----------------------------|-----------------------|-----------------------|---------------|
| Particulars | Short term borrowings | Long term borrowings* | Total |
| As at April 1, 2021 | 2,161 | 5,016 | 7,177 |
| Cash flow | (2,152) | (2,204) | (4,356) |
| Other non cash changes | - | 2 | 2 |
| As at March 31, 2022 | 9 | 2,814 | 2,823 |
| Cash flow | 8,221 | 796 | 9,017 |
| Other non cash changes | - | 1 | 1 |
| As at March 31, 2023 | 8,230 | 3,611 | 11,841 |

*Including current maturities of long-term borrowings & unamortized borrowing fees.

16. OTHER FINANCIAL LIABILITIES

| (₹ in Crore) | | | |
|---|----------------------|----------------------|--|
| Particulars | As at March 31, 2023 | As at March 31, 2022 | |
| Non-current | | | |
| Security deposits and other liabilities | 0 | 0 | |
| Total | 0 | 0 | |
| Current | | | |
| Derivatives - liabilities (refer note 35) | - | 147 | |
| Capital creditors | 1,218 | 1,216 | |
| Due to related party (refer note 37) | 38 | 71 | |
| Deposits from vendors | 168 | 165 | |
| Interest accrued but not due | 78 | 76 | |
| Dividend payable | 609 | - | |
| Unclaimed dividend ⁽¹⁾ | 31 | 26 | |
| Other liabilities (Includes employee benefits etc.) | 260 | 200 | |
| Total | 2,402 | 1,901 | |

(1) Represents the unclaimed dividend for a period less than 7 years.

17. PROVISIONS

Non-current

| (₹ in Crore) | | | |
|---|----------------------|----------------------|--|
| Particulars | As at March 31, 2023 | As at March 31, 2022 | |
| Provision for mine restoration & decommissioning ^(a) | 189 | 212 | |
| Total | 189 | 212 | |



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

(a) (₹ in Crore)

| Particulars | Provision for mine restoration ⁽¹⁾ | Provision for decommissioning ⁽²⁾ | Total |
|--|---|--|------------|
| As at April 1, 2021 | 192 | 5 | 197 |
| Addition during the year/ (revision during the year) | 24 | - | 24 |
| Unwinding of discount | 8 | - | 8 |
| Utilized | - | (3) | (3) |
| As at March 31, 2022 | 224 | 2 | 226 |
| Addition during the year/ (revision during the year) | (38) | - | (38) |
| Unwinding of discount | 15 | - | 15 |
| Utilized | (1) | (1) | (2) |
| As at March 31, 2023 | 200 | 1 | 201 |
| Classification as at March 31, 2022 | | | |
| Non-current | 212 | - | 212 |
| Current | 12 | 2 | 14 |
| Classification as at March 31, 2023 | | | |
| Non-current | 189 | - | 189 |
| Current | 11 | 1 | 12 |

(1) The provision for restoration, rehabilitation, and environmental cost represents the Company's best estimate of the costs which will be incurred in the future to meet the obligations under the laws of the land and the terms referred to in the Company's mining arrangements. The principal restoration, rehabilitation and environmental provisions are the costs, which are expected to be incurred in restoring at the end of life of these mines at Rampura Agucha, Rajpura Dariba, Zawar Mines, Sindesar Khurd and Kayad.

(2) Provision for decommissioning is created to meet the obligation at decommissioned smelting facility at Vizag location basis an independent technical evaluation.

Current

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Provision for gratuity (refer note 31) | 7 | - |
| Provision for compensated absences | 7 | 18 |
| Provision for mine restoration & decommissioning (refer (a) above) | 12 | 14 |
| Total | 26 | 32 |

18. OTHER LIABILITIES

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Non-Current | | |
| Deferred government grant ⁽²⁾ | 1,048 | 1,024 |
| Total | 1,048 | 1,024 |
| Current | | |
| Advance from customers ⁽³⁾ | 461 | 252 |
| Statutory and other liabilities ⁽¹⁾ | 1,068 | 467 |
| Deferred government grant ⁽²⁾ | 166 | 141 |
| Total | 1,695 | 860 |

(1) Statutory and other liabilities mainly includes contribution to PF, Goods and service tax (GST), TDS, amount payable to District Mineral Fund (DMF), National Mineral Exploration Trust (NMET) etc.

(2) Represents government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of Property, Plant and Equipments accounted for as government grant and being amortised over the useful life of such assets.

(3) Advance from customers are contract liabilities and include amounts received under short term supply agreements. The advance payment plus a fixed rate of return/ discount will be settled by supplying respective commodity over a period up to twelve months under an agreed delivery schedule as per the terms of the respective agreements. As these are contracts that the Company expects, and has the ability, to fulfil through delivery of a non-financial item, these are recognised as advance from customers and will be released to the income statement as respective commodity is delivered under the agreements. The amount of such balances as of April 01, 2021 was ₹ 1,219 Crore. Changes in contract liabilities are either due to exchange differences, receipt of fresh advances or revenues recognised as detailed in note 21A.



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

19. OPERATIONAL BUYERS' CREDIT/ SUPPLIERS' CREDIT

(₹ in Crore)

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Operational buyers'/ suppliers' credit from banks ⁽¹⁾ | 307 | 280 |
| Total | 307 | 280 |

(1) Operational buyers'/ suppliers' credit is availed in foreign currency from offshore branches of Indian banks at weighted average interest rate of 5.04% p.a. (March 31, 2022: 0.57 % p.a.) as at March 31, 2023. The tenure of these trade credits ranges from 90 days to 143 days (March 31, 2022: 59 days to 88 days) from the date of draw down. This is backed by Standby Letter of Credit issued under unsecured working capital facilities sanctioned by domestic banks.

20. TRADE PAYABLES

(₹ in Crore)

| Particulars | As at | As at |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Total outstanding dues of Micro Enterprises and Small Enterprises | 29 | 50 |
| Total outstanding dues to creditors other than Micro Enterprises and Small Enterprises | 2,057 | 1,988 |
| Total | 2,086 | 2,038 |

Trade payables Ageing Schedule

(₹ in Crore)

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Undisputed dues - Micro Enterprises and Small Enterprises | | |
| Less than 1 year | 29 | 50 |
| 1-2 years | - | - |
| 2-3 years | - | - |
| More than 3 years | - | - |
| Total | 29 | 50 |
| Undisputed dues - Other than Micro Enterprises and Small Enterprises | | |
| Less than 1 year | 2,023 | 1,952 |
| 1-2 years | 8 | 10 |
| 2-3 years | 2 | 4 |
| More than 3 years | 24 | 22 |
| Total* | 2,057 | 1,988 |

*Includes Unbilled dues of ₹ 1,491 Crore (March 31, 2022: ₹ 1402 Crore)

The disclosures relating to Micro Enterprises and Small Enterprises have been furnished to the extent such parties have been identified on the basis of the intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. There is no interest paid/ payable as at March 31, 2023 (March 31, 2022: NIL)

(₹ in Crore)

| Particulars | As at | As at |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year. | | |
| i) Principal amount due to micro and small enterprises | 29 | 50 |
| ii) Interest due on above | - | - |
| iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006. | - | - |



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| v) The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - |
| vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006. | - | - |

21. (A) REVENUE FROM OPERATIONS

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Sale of products | 33,120 | 28,624 |
| Income from wind energy | 152 | 166 |
| Total Revenue ⁽¹⁾ (also refer note 35) | 33,272 | 28,790 |

(1) Revenue is shown exclusive of GST and other indirect taxes, as these collections are not an inflow on entity's own account, rather it is collected on behalf of government authorities.

The above revenue from sale of products for the year ended March 31, 2023 comprises of revenue from contracts with customers of ₹ 34,252 Crore (March 31, 2022: ₹ 29,792 Crore) and a net loss on mark to market of ₹ 980 Crore (March 31, 2022: ₹ 1,002 Crore) on account of gains/ losses relating to sales that were provisionally priced as at the beginning of the year with the final price settled in the current year, gains/ losses relating to sales fully priced during the year, and marked to market gains/ losses relating to sales that were provisionally priced as at the end of the year. Entire revenue from contract with customers is recorded at a point in time and includes ₹ 252 Crore (March 31, 2022: ₹ 1,219 Crore) for which contract liabilities existed at the beginning of the year. Majority of the Company's sales are against advance or are against letters of credit/ cash against documents/ guarantees of banks of national standing. Where sales are made on credit, the amount of consideration does not contain any significant financing component as payment terms are within six months.

(B) OTHER OPERATING INCOME

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Sale of scrap and residuals | 410 | 319 |
| Export incentives | 235 | 205 |
| Others (unclaimed amount, carbon credits, liquidated damages etc.) | 181 | 126 |
| Total | 826 | 650 |

22. OTHER INCOME

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Net gain on sale of current investments | 32 | 205 |
| Net gain on foreign currency transactions and translation | 35 | 27 |
| Amortization of deferred revenue arising from government grant | 157 | 135 |
| Gain on sale of property, plant and equipment (net) | - | 11 |
| Interest Income on | | |
| Bank deposits measured at amortized cost | 197 | 407 |
| Investments measured at FVTOCI | 281 | - |
| Investments measured at FVTPL | 504 | 392 |
| Other financial assets measured at amortised cost | 176 | 39 |
| Total | 1,382 | 1,216 |



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Opening inventory | | |
| Finished goods | 27 | 48 |
| Work in progress:- | | |
| Ore | 66 | 40 |
| Mined metal | 475 | 258 |
| Others (includes various semi-finished goods having Zinc, Lead & Silver content) | 547 | 491 |
| Total | (A) 1,115 | 837 |
| Closing inventory | | |
| Finished goods | 28 | 27 |
| Work in progress:- | | |
| Ore | 96 | 66 |
| Mined metal | 677 | 475 |
| Others (includes various semi-finished goods having Zinc, Lead & Silver content) | 457 | 547 |
| Total | (B) 1,258 | 1,115 |
| Changes in Inventory | (A- B) (143) | (278) |

24. EMPLOYEE BENEFIT EXPENSE

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Salaries, wages and bonus ⁽¹⁾ | 617 | 538 |
| Contribution to provident and other funds (refer note 31) | 74 | 46 |
| Share based compensation ⁽²⁾ | 16 | 6 |
| Staff welfare expenses ⁽¹⁾ | 136 | 127 |
| Total | 843 | 717 |

The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/ interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

- (1) Includes Corporate social responsibility expenditure of ₹ 4 Crore and ₹ 15 Crore (March 31,2022: ₹ 3 Crore and ₹ 16 Crore) towards salaries, wages and bonus and Company run schools & hospitals respectively.
- (2) The Company offers equity-based and cash based option plans to its employees, officers and directors through its Holding Company, Vedanta Limited [Vedanta Limited - Employee Stock Option Scheme ("Vedanta Limited- ESOS")].

During the year, share - based incentives arrangement under ESOS of Vedanta Limited (introduced effective December 2016) are provided to the defined management group. The maximum value of shares that can be awarded to members of the defined management group is calculated by reference to the individual fixed salary and share-based remuneration consistent with local market practice. ESOS scheme of Vedanta Limited are both tenure and performance based share schemes. The awards are indexed to and settled by Parent's shares (Vedanta Ltd shares as defined in the scheme). The awards have a fixed exercise price denominated in Parent's functional currency (Re.1), the performance period of each award is 36 months and is exercisable within a period of six months from the date of vesting beyond which the option lapses.

Further, in accordance with the terms of the agreement between the Parent and the Company, the cost recognised towards ESOS scheme is recovered by the Parent from the Company.



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25. FINANCE COSTS

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Interest on financial liabilities at amortised cost ⁽¹⁾⁽³⁾ | 273 | 237 |
| Other interest ⁽²⁾ | 12 | 28 |
| Bill discounting charges | 20 | 8 |
| Bank charges | 5 | 5 |
| Other finance costs | 23 | 12 |
| Total | 333 | 290 |

(1) Interest expenses on lease liabilities is ₹ 4 Crore (March 31, 2022: ₹ 3 Crore)

(2) Interest expenses on income tax is ₹ 7 Crore (March 31, 2022: ₹ 22 Crore)

(3) Interest rate of 5.79% was used to determine the amount of general borrowing costs eligible for capitalization in respect of qualifying asset for the year ended March 31, 2023 (March 31, 2022: 5.08%)

26. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Depreciation on Property, Plant and Equipments (refer note 4) | 3,255 | 2,905 |
| Amortization on intangible assets (refer note 5) | 9 | 12 |
| Total | 3,264 | 2,917 |

27. OTHER EXPENSES

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Consumption of stores and spare parts | 2,067 | 1,622 |
| Repairs and Maintenance: | | |
| - Plant and equipment | 1,995 | 1,749 |
| - Building | 130 | 105 |
| - Others | 2 | 7 |
| Carriage inwards | 167 | 174 |
| Mine expenses | 1,999 | 1,679 |
| Other manufacturing and operating expenses | 447 | 441 |
| Strategic services & brand fees ⁽²⁾ | 318 | - |
| Rates and taxes | 2 | 3 |
| Conveyance and travelling expenses | 28 | 20 |
| Directors sitting fees and commission | 2 | 1 |
| Payment to auditors ⁽¹⁾ | 2 | 2 |
| Carriage outwards | 335 | 349 |
| Grass root exploration expenses | 18 | 16 |
| Legal and professional expenses | 51 | 65 |
| Provision for doubtful debts/ advance ⁽⁴⁾ | 33 | - |
| Research and development expenditure | 11 | 8 |
| Corporate social responsibility ⁽³⁾ | 199 | 150 |
| Loss on sale of property, plant and equipment (net) | 9 | - |
| Net loss on investments measured at FVTPL | 16 | 28 |
| Miscellaneous expenses | 276 | 237 |
| Total | 8,107 | 6,656 |
| (1) Remuneration to auditors: | | |
| - Audit fees | 2 | 2 |
| - Other services | 0 | 0 |
| Total | 2 | 2 |



Notes Forming Part of the Financial Statements

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- (2) During the current year, The Audit & Risk Management Committee and Board of Directors of the Company have approved payment towards strategic services and brand fees to Vedanta Limited ("Holding Company") at 2% of the consolidated turnover of the Company effective from October 01, 2022.
- (3) Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company, during the current year, has transferred its CSR assets after obtaining regulatory approvals, having carrying value of ₹ 117 Crore as on the date of transfer, at nominal consideration to Zinc India Foundation (wholly owned subsidiary), incorporated during the current year under Section 8 of the Companies Act, 2013. The carrying value of these assets has been included as CSR expense in the financial statements owing to such transfer (see note 5(1)).
- (4) Target plus scheme ("TPS") as a part of foreign trade policy was announced on August 31, 2004 w.e.f. April 01, 2004, with an objective of accelerating growth in exports. Pursuant to this scheme, Vedanta Limited ("erstwhile Sterlite Industries Ltd.") (Holding Company) had applied for TPS scrips of value of ₹ 306 Crore. However, certain retrospective amendments in this scheme were made by Directorate General of Foreign Trade ("DGFT") resulting in reduction in these scrips value by ₹ 216 Crore in which HZL had a share of ₹ 48 Crore. This was challenged by the Holding Company in the Hon'ble Supreme Court. Basis the favourable judgements from the Hon'ble Supreme Court, HZL had recognised an income of ₹ 48 Crore as an export incentive recoverable in December 2015. However, during FY 2020-21, the TPS scrips of value of ₹ 216 Crore were issued by Directorate General of Foreign Trade ("DGFT") in the name of Vedanta Limited ("Holding Company") basis which, the export incentive recoverable was reclassified to recoverable from Vedanta Limited. The Company has realised ₹ 20 Crore from Vedanta Limited on the basis of proportionate scrips utilization by Vedanta Limited and has created a provision of remaining ₹ 28 Crore considering the expiry of the utilization timeline for these scrips till February 24, 2023 and no favorable outcome of the petition filed by the Holding Company in the Hon'ble Supreme Court for extension of the utilization timeline.

28. EXCEPTIONAL ITEMS

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| One time settlement of entry tax under amnesty scheme ⁽¹⁾ | - | 134 |
| Total | - | 134 |

- (1) During the previous year, Company had opted to settle Entry Tax matter under phase II of "Amnesty Scheme 2021" launched by Government of Rajasthan, pursuant to which Company had written off balances of ₹ 113 Crore outstanding under claims and receivable (note 7) as at March 31, 2021 paid under protest for entry tax matter and paid additional ₹ 21 Crore towards settlement.

29. EARNINGS PER SHARE

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Basic earnings per share (₹) | 24.90 | 22.79 |
| Diluted earnings per share (₹) | 24.90 | 22.79 |
| The earnings and weighted average number of equity shares used in the calculation of basic and diluted earnings per share are as follows: | | |
| Profit after tax attributable to owners of the Company (in ₹ Crore) | 10,520 | 9,630 |
| Earnings used in the calculation of basic earnings for the year (in ₹ Crore) | 10,520 | 9,630 |
| Weighted average number of equity shares outstanding (number in Crore) | 423 | 423 |
| Nominal value per share (in ₹) | 2 | 2 |

30. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| a. Contingent liabilities⁽¹⁾ | | |
| Claims against the Company not acknowledged as debts | | |
| - Suppliers and contractors | 82 | 98 |
| - Ex-employees and others | 3 | 3 |
| - Land acquisition | 3 | 6 |
| - Mining cases ⁽²⁾ | 334 | 334 |
| - Government : Electricity Duty | 9 | 9 |
| : Road Tax | 15 | 15 |
| : Environmental Cess ⁽³⁾ | 142 | 142 |
| Guarantees issued by the banks | 264 | 278 |
| Sales tax demands | 68 | 68 |
| Income tax demands ⁽⁵⁾ | 720 | 725 |
| Excise Duty, Custom duty, Service tax and GST demand ⁽⁴⁾ | 525 | 413 |



Notes Forming Part of the Financial Statements

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- (1) Future cash out flows in respect of the above matters are determinable only on receipt of judgments or decisions pending at various forums. Accordingly interest and penalty where applicable will be additionally payable.
 - (2) The Department of Mines and Geology (DMG) of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, amounting to ₹ 334 Crore. These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. HZL believes that the likelihood of this claim is not probable and thus no provision has been made in the financial statements. HZL had filed writ petitions in the High Court of Rajasthan in Jodhpur and had obtained a stay in respect of these demands. The High Court restrained the Department of Mines and Geology from undertaking any coercive measures to recover the penalty. In January 2007, the High Court issued another order granting the Department of Mines and Geology additional time to file their reply and also ordered the Department of Mines and Geology not to issue any order cancelling the lease. Affidavit of the Central Government is awaited. The State Government filed for an early hearing application in the High Court. The High Court has passed an order rejecting the application stating that Central Government should file their replies.
 - (3) The State of Rajasthan issued a notification in June 2008 notifying the Rajasthan Environment and Health Cess Rules, 2008, imposing environment and health cess on major minerals including lead and zinc. HZL and other mine operators resisted this notification and the imposition thereunder before the High Court of Rajasthan on the ground that the imposition of such cess and all matters relating to the environment fall under the jurisdiction of the Central government as opposed to the State government. In October 2011, the High Court of Rajasthan disposed the writ petitions and held the Rajasthan Environment and Cess Rules, 2008 that impose a levy of cess on minerals, as being constitutionally valid. An amount of ₹150 per metric ton of ore produced would be attracted under the Statute if it is held to be valid. HZL challenged this order by a special leave petition in December 2011 before the Supreme Court of India. The Supreme Court of India issued a notice for stay. Further direction was issued by the Supreme Court on March 23, 2012 not to take any coercive action against HZL for recovery of cess. The aforementioned notification was rescinded via notification dated January 6, 2017, and hence no further obligation exists after that date.
 - (4) Various demands raised on the Company towards CENVAT, service tax and excise for FY 1991-92 to 2020-21. The Company has paid an amount of ₹ 19 Crore (March 31, 2022: ₹ 20 Crore) against these demands under protest and is confident of the liability not devolving on the Company.
 - (5) Tax demands have been raised mainly on account of depreciation disallowances, withholding taxes and interest thereon. Although, the Company has paid certain amounts in relation to these demands, which are pending at various levels of appeals, management considers these disallowances as not tenable against the Company, and therefore no provision for tax has been created. Also, refer note 32c(ii).
- b.** The Department of Mines and Geology (DMG) of the State of Rajasthan initiated the royalty assessment process from January 2008 to 2019 on certain question of law and issued a show cause notice vide an office order dated January 31, 2020 amounting to ₹ 1,925 Crore, further an additional demand was issued vide an office order dated December 14, 2020 for ₹ 311 Crore on similar questions of law. The Company has challenged (the show cause notice or/ and) computation mechanism of the royalty on the ground that the state has not complied with the previous orders of Rajasthan High court where a similar computation mechanism was challenged and court had directed DMG to reassess basis the judicial precedents and mining concession rules. Pending compliance of previous orders, High court has granted a stay on the notice and directed DMG not to take any coercive action. State Government has also been directed to not take any coercive action in order to recover such miscomputed dues. In spite of the High court stay order, the State Government raised a revised demand of ₹ 1,423 Crore vide order dated March 16, 2022 for the same period. The Company challenged this notice before the Revisionary Authority ("RA") and also moved an application in RA against the earlier demand raised by DMG for recovery of ₹ 311 Crore. RA has granted a stay on the recovery of ₹ 1,423 Crore vide its order dated June 15, 2022, and on the recovery of ₹ 311 Crore, vide its order dated September 07, 2022 respectively. Based on the opinion of external counsel, the Company believes that it has strong grounds of a successful appeal.

c. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1,924 Crore (March 31, 2022: ₹ 1,480 Crore).

d. Other Commitments

- (i) During the current year, the Company has entered into Power delivery agreement ('PDA') with Serentica Renewables India 4 Private Limited ('Serentica 4') for sourcing of 200 MW (contracted capacity) renewable power on round the clock ('RTC') basis under group captive arrangement for 25 years. Under the terms of the PDA, Company is expected to infuse equity of ₹ 350 Crore for twenty six percent in Serentica 4. During the current year, the Company has made an investment of ₹ 105 Crore in Optionally Convertible Redeemable Preference Shares ('OCRPS') and pending committed investment of ₹ 245 Crore in OCRPS to be made basis fulfilment of conditions of the PDA. These OCRPS will be converted into equity basis conversion terms of the PDA (see note 9).

Further during the current year, the Company has entered into Power delivery agreement ('PDA') with Serentica Renewables India 5 Private Limited ('Serentica 5') for sourcing of 250 MW (contracted capacity) renewable power on RTC basis under group captive arrangement for 25 years. Under the terms of the PDA, Company is expected to infuse equity of approximately ₹ 438 Crore for twenty six percent in Serentica 5. No investment has been made by the Company during the year pertaining to this.



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(ii) The Company has given Letter of Comfort and also assigned its bank limits to its wholly owned subsidiary Hindustan Zinc Alloys Private Limited ("HZAPL") primarily in respect of certain working capital needs and short-term borrowings amounting to ₹ 81 Crore (March 31, 2022: Nil)

(iii) During the current year, the Company under its Corporate Social Responsibilities ('CSR') initiative has signed a Memorandum of Understanding ('MOU') with Rajasthan Cricket Association ('RCA') for development of international cricket stadium at Jaipur (Rajasthan). As per the terms of MOU, the Company has committed to contribute ₹ 300 Crore against which ₹ 5 Crore has been contributed in the current year.

(iv) Export obligations

The Company has Nil export obligations (March 31,2022: Nil) on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India (which is required to be fulfilled over the next six years from purchase). The Company has given bonds of ₹ 400 Crore (March 31, 2022: ₹ 1,705 Crore) to custom authorities against export obligations which will be released subject to verification of EODC (Export obligation discharge certificate) by the Customs department.

31. RETIREMENT AND OTHER EMPLOYEE BENEFIT SCHEMES

a. Defined contribution schemes

Family Pension Scheme

The contributions are based on a fixed percentage of the employee's salary, subject to a ceiling, as prescribed in the scheme. A sum of ₹ 5 Crore (March 31,2022: ₹ 5 Crore) has been charged to the Statement of Profit and Loss during the year. There are no further obligations on the Company.

Superannuation fund

A sum of ₹ 3 Crore (March 31,2022: ₹ 3 Crore) has been charged to the Statement of Profit and Loss in respect to contributions made to the superannuation fund. The Company has no further obligations to the plan beyond the monthly contributions.

b. Defined benefit plans

For defined benefit schemes, the cost of providing benefits under the plans is determined by actuarial valuation each year for the plan using the projected unit credit method by independent qualified actuaries as at the year end. Remeasurements in the year are recognized in full in other comprehensive income for the year.

Provident fund

The Company offers its employees, benefits under defined benefit plans in the form of provident fund scheme which covers all employees. Contributions are paid during the year into 'Hindustan Zinc Limited Employee's Contributory Provident Fund' (the 'Trust'). Both the employees and the Company pay predetermined contributions into the Trust. A sum of ₹ 28 Crore (March 31, 2022: ₹ 26 Crore) has been charged to the Statement of Profit and Loss in this respect during the year.

The Company's Trust is exempted under section 17 of Employees Provident Fund Act, 1952. The conditions for grant of exemption stipulate that the employer shall make good the deficiency, if any, between the return guaranteed by the statute and actual earning of the Trust. The Company has made good the deficiency of ₹ 17 Crore for previous year in this regard. Having regard to the assets of the Trust and the return on the investments, the Company does not expect any deficiency in the foreseeable future, except for investments in debt securities of IL&FS Limited and IL&FS Financial Services Ltd. for which necessary provisions exists.

The details of fund and plan asset position are given below:

| Particulars | (₹ in Crore) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Plan assets fair valued | 1,633 | 1,574 |
| Present value of benefit obligation at period end | 1,644 | 1,591 |
| Net Plan Assets/ (Liability) | (11) | (17) |



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(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-----------------------------|-----------------------------|
| % allocation of plan assets by category | | |
| Central government securities | 11% | 14% |
| State government securities (including PSU Bond) | 58% | 53% |
| Private sector bonds, Mutual funds | 31% | 33% |
| Principal actuarial assumptions | | |
| Financial Assumptions | | |
| Discount rate | 7.39% | 7.14% |
| Expected statutory interest rate on the ledger balance | 8.15% | 8.10% |
| Expected short fall in interest earnings on the fund | 0.05% | 0.05% |
| Demographic Assumptions | | |
| i) Retirement Age (years) | 58 | 58 |
| ii) Mortality rates inclusive of provision for disability | 100% of IALM (2012 - 14) | 100% of IALM (2012 - 14) |
| iii) Withdrawal rates | | |
| Up to 30 years | 3% - 24% | 3% - 21% |
| From 31 to 44 years | 2% - 9% | 2% - 7.5% |
| Above 44 years | 1% - 9% | 1% - 3.2% |

Gratuity plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, an employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The Company's defined benefit plans are funded with Life Insurance Corporation of India (LIC). The Company does not have any liberty to manage the fund provided to LIC.

The following tables set out the details of the gratuity plans and the amounts recognized in the financial statements.

Principal actuarial assumptions

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows: | | |
| Financial Assumptions | | |
| Discount rate | 7.39% | 7.14% |
| Expected rate of increase in compensation level of covered employees | 6% - 10.5% | 6% - 9.5% |
| Demographic Assumptions | | |
| i) Retirement Age (years) | 58 | 58 |
| ii) Mortality rates inclusive of provision for disability | IALM (2012-14) | IALM (2012-14) |
| iii) Withdrawal rates | | |
| Up to 30 years | 3% - 24% | 3% - 21% |
| From 31 to 44 years | 2% - 9% | 2% - 7.5% |
| Above 44 years | 1% - 9% | 1% - 3.2% |
| Amount recognized in the balance sheet consists of: | | |
| Fair value of planned assets | 232 | 243 |
| Present value of defined benefit obligations | (239) | (243) |
| Net assets/ (Net unfunded liability) | (7) | - |
| % allocation of plan assets by category | | |
| Qualified Policy from Life Insurance Corporation of India (LIC) | 100% | 100% |



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as at and for the year ended March 31, 2023

The movement during the year of the present value of the defined benefit obligation was as follows:

| Particulars | (₹ in Crore) | |
|--------------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| Opening Balance | 243 | 261 |
| Service cost | 11 | 11 |
| Benefits paid | (27) | (32) |
| Interest cost | 17 | 18 |
| Actuarial (Gain)/ Loss on obligation | (5) | (15) |
| Closing Balance | 239 | 243 |

The movement during the year in the fair value of plan assets was as follows:

| Particulars | (₹ in Crore) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| Opening Balance | 243 | 206 |
| Employer Contributions | 1 | 55 |
| Benefits paid | (27) | (32) |
| Interest Income | 17 | 14 |
| Remeasurement Gain/ (Loss) arising from return on plan assets | (2) | - |
| Closing Balance | 232 | 243 |

Amounts recognized in Statement of Profit and Loss in respect of defined benefit plan are as follows:

| Particulars | (₹ in Crore) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| Current service cost | 11 | 11 |
| Net Interest cost | - | 4 |
| Total charge to Statement of Profit and Loss | 11 | 15 |

Amounts recognized in Other Comprehensive Income in respect of defined benefit plan are as follows:

| Particulars | (₹ in Crore) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| Remeasurement (Gain)/ Loss arising from Change in Demographic Assumption | (3) | (3) |
| Remeasurement (Gain)/ Loss arising from Change in Financial Assumption | 3 | (3) |
| Remeasurement (Gain)/ Loss arising from Experience Adjustment | (5) | (9) |
| (Gain)/ Loss on plan assets | 2 | - |
| Components of defined benefit costs recognised in other comprehensive income | (3) | (15) |

Expected contribution for the next annual reporting period of March 31, 2023:

| Particulars | (₹ in Crore) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| Service Cost | 13 | 12 |
| Net Interest Cost | - | - |
| Expected contribution for the next annual reporting period of March 31, 2023 | 13 | 12 |

Sensitivity analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.



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(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Impact of change in discount rate | | |
| Increase by 0.50% | (5) | (6) |
| Decrease by 0.50% | 5 | 6 |
| Impact of change in salary increase rate | | |
| Increase by 0.50% | 5 | 6 |
| Decrease by 0.50% | (5) | (6) |

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

Maturity Profile of Defined Benefit Obligation

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|----------------|-------------------------|-------------------------|
| Year: | | |
| 0 to 1 year | 42 | 28 |
| 1 to 2 year | 42 | 37 |
| 2 to 3 year | 35 | 33 |
| 3 to 4 year | 31 | 29 |
| 4 to 5 year | 21 | 27 |
| 5 to 6 year | 15 | 20 |
| 6 year onwards | 53 | 69 |

Risk analysis

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

Investment risk

The Company's defined benefit plans are funded with Life Insurance Corporation of India (LIC). The Company does not have any liberty to manage the fund provided to LIC. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds for the Company's operations. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the interest rate on plan assets will increase the plan liability, however this will be partially offset by increase in the return on plan debt investment.

Longevity risk/ Life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.



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32. INCOME TAX EXPENSES

The major components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are indicated below:

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| a. Tax charge recognised in Profit and Loss | | |
| Current tax: | | |
| Current tax on profit for the year | 3,431 | 2,445 |
| Total Current tax | 3,431 | 2,445 |
| Deferred tax: | | |
| Reversal and origination of temporary differences | (189) | 24 |
| MAT credit asset (recognized)/ utilisation | 1,601 | 2,079 |
| Adjustment in respect of earlier years | (66) | (77) |
| Total Deferred tax | 1,346 | 2,026 |
| Tax expense for the year | 4,777 | 4,471 |
| Effective income tax rate (%) | 31.23% | 31.71% |
| b. Statement of other comprehensive income | | |
| Deferred tax (credit)/ charge on: | | |
| Cash flow hedges recognised during the year | 34 | (34) |
| Net Gain/ (Loss) on FVTOCI investments | (4) | - |
| Remeasurement of defined benefit obligation | (4) | 6 |
| Total | 26 | (28) |

(c) A reconciliation of income tax expense applicable to accounting profits before tax at the statutory income tax rate to recognized income tax expense for the year is as follows:

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Accounting profit before tax (after exceptional item) | 15,297 | 14,101 |
| Statutory income tax rate | 34.94% | 34.94% |
| Tax at statutory income tax rate | 5,345 | 4,927 |
| Disallowable expenses | 41 | 71 |
| Non-taxable capital gains | (50) | (57) |
| Tax holidays and similar exemptions | (208) | (335) |
| Additional depreciation under income tax reversible within tax holiday period | (3) | 10 |
| Effect of changes in tax laws (refer (i) below) | (253) | (43) |
| Impact of tax rate differences on capital gains | (30) | (23) |
| Adjustments in respect of prior years* | (65) | (79) |
| Total | 4,777 | 4,471 |

- (i) The Company has decided to opt for lower tax rate as permitted under section 115BAA of the Income Tax Act, 1961 from Financial Year 2023-24.
- (ii) The tax department had raised demands on account of remeasurement of certain tax incentives, as described below, under section 80IA and 80 IC of the Income tax Act, 1961. Based on the favourable orders from Income Tax Appellate Tribunal relating to AY 2009-10 to AY 2012-13, AY 2017-18 and AY 2018-19, the Commissioner of Income Tax (Appeals) has allowed these claims for AY 14-15 to AY 15-16, which were earlier disallowed and has granted refund of amounts deposited under protest. Against the Tribunal order, department had filed an appeal before Hon'ble Rajasthan High Court in financial year 17-18 (for AY 2009-10 to AY 2012-13) which is yet to be admitted. For the AY 2017-18 and AY 2018-19, the ITAT orders were received in November 22 and we understand that department will be filing appeal before the hon'ble Rajasthan High Court as per the statutory timelines. With respect to earlier appeals filed by the department, as per the view of external legal counsel, Department's appeal seeks re-examination of facts rather than raising any substantial question of law and hence it is unlikely that appeal will be admitted by the High Court. Due to this there is a strong prima facie case that ITAT order will stand confirmed and the judgment of High Court



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going in favour of HZL is highly probable [OR and the judgement of High Court going against HZL is unlikely] and department's appeal would be dismissed. The amount involved in this dispute as of March 31, 2023 is ₹ 12,447 Crore (March 31, 2022: ₹ 11,369 Crore) plus applicable interest upto the date of settlement of the dispute.

The Company is eligible for specified tax incentives which are included in the table above as 'tax holidays and similar exemptions'. These are briefly described as under:

Tax holiday claims for eligible units

To encourage the establishment of certain power plants, provided certain conditions are met, tax incentives exist to exempt 100% of profits and gains for any ten consecutive years within the 15 year period following commencement of the power plant's operation. The Company currently has total operational capacity of 474 Mega Watts (MW) of thermal based power generation facilities, wind power capacity of 274 MW and solar power plants of 16 MW. The tax holiday benefit with respect to 314 MW thermal based power generation facilities and 274 MW wind power capacity have expired in earlier years.

Tax incentives exist for certain infrastructure facilities to exempt 100% of profits and gains for any ten consecutive years within the 20 year period following commencement of these facilities' operation, provided certain conditions are met. The Company currently has certain eligible facilities.

However, above tax benefits would cease to exist from next year as the Company has decided to opt for new tax regime from financial year 2023-24 as per note (i) above.

*Adjustments in respect of prior years includes tax benefits of ₹ 40 Crore (March 31, 2022: ₹ 130 Crore) in respect of above infrastructure facilities.

(d) Significant components of deferred tax assets and (liabilities) recognized in the balance sheet are as follows:

| Particulars | (₹ in Crore) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Property, plant and equipment, exploration and evaluation and intangible assets | (2,426) | (2,359) |
| Fair valuation of financial assets/ liabilities | (35) | (135) |
| Voluntary retirement scheme | 14 | 26 |
| Other temporary differences | 133 | 249 |
| MAT credit entitlement | - | 1,277 |
| Deferred Tax (Liabilities) (net) | (2,314) | (942) |

Deferred tax charge of ₹ 1,372 Crore (March 2022: ₹ 1,998 Crore) is recorded as below:

| Particulars | (₹ in Crore) | |
|---|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| Through Other Comprehensive Income | | |
| Cash flow hedges recognised during the year | 34 | (34) |
| Net Gain/ (Loss) on FVTOCI investments | (4) | - |
| Remeasurements of defined benefit obligations | (4) | 6 |
| | 26 | (28) |
| Through Profit and Loss | | |
| Property, plant and equipment, exploration and evaluation and intangible assets | 67 | 154 |
| Fair valuation of financial assets/ liabilities | (100) | (113) |
| Voluntary retirement scheme | 12 | 11 |
| Other temporary differences | 90 | (26) |
| MAT credit entitlement | 1,277 | 2,000 |
| | 1,346 | 2,026 |
| Total | 1,372 | 1,998 |



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33. LEASES

(a) Following are the amounts recognised in Statement of Profit & Loss account:

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| a) Depreciation expense for right-of-use assets | 17 | 8 |
| b) Interest expense on lease liabilities | 4 | 3 |
| c) Expense relating to short-term leases | 1 | 1 |
| Total amount recognised | 22 | 12 |

(b) The movement in lease liabilities is as follows:

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| a) Opening balance | 21 | 24 |
| b) Additions | 32 | 1 |
| c) Interest accrued | 4 | 3 |
| d) Repayments (Principal & interest) | (17) | (7) |
| Closing balance | 40 | 21 |

(c) Lease liabilities carry an effective interest rate of 5.03% & 23.25%.

(d) The maturity analysis of lease liabilities is disclosed in note 35.

34. CORPORATE SOCIAL RESPONSIBILITY EXPENSES

(a) The Company is required to spend a gross amount of ₹ 214 Crore and ₹ 187 Crore for the year ended March 31, 2023 and March 31, 2022 respectively.

(₹ in Crore)

| Particulars | For the year ended March 31, 2023 | | |
|--|--|---------------------------|-------|
| | In Cash | Yet to be paid in Cash | Total |
| i) Amount required to be spent by the Company during the year | 214 | - | 214 |
| ii) Amount approved by the Board to be spent during the year | 286 | - | 286 |
| iii) Amount spent during the year on: | | | |
| - Construction/ acquisition of any assets | - | - | - |
| - On purposes other than (i) above ⁽¹⁾⁽²⁾ | 230 | 46 | 276 |
| iv) Nature of CSR activities | Community upliftment through Education, Sustainable Livelihoods, Women Empowerment, Health & Water, Sports & Culture, Environment and Community Assets Creation. | | |
| v) Details of related party transactions, e.g., contribution to a section 8 company controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard | 6 | - | 6 |
| vi) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year | NA | NA | NA |



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(₹ in Crore)

| Particulars | For the year ended March 31, 2022 | | |
|--|--|------------------------|-------|
| | In Cash | Yet to be paid in Cash | Total |
| i) Amount required to be spent by the Company during the year | 187 | - | 187 |
| ii) Amount approved by the Board to be spent during the year | 191 | - | 191 |
| iii) Amount spent during the year on: | | | |
| - Construction/ acquisition of any assets | - | - | - |
| - On purposes other than (i) above ⁽¹⁾ | 152 | 39 | 191 |
| iv) Nature of CSR activities | Community upliftment through Education, Sustainable Livelihoods, Women Empowerment, Health & Water, Sports & Culture, Environment and Community Assets Creation. | | |
| v) Details of related party transactions, e.g., contribution to a section 8 company controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard | | NA | NA |
| vi) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year | | NA | NA |

(1) Includes depreciation on the sewage treatment plant (STP) and related assets of Nil (March 31, 2022: ₹ 1 Crore), amortisation expenditure on right to use the water of STP is Nil (March 31, 2022: ₹ 6 Crore), employee benefit expenses of ₹ 19 Crore (March 31, 2022 ₹ 19 Crore) and other expenses on running the STP of ₹ 8 Crore (March 31, 2022: ₹ 11 Crore).

(2) Consequent to the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("the Rules"), the Company, during the current year, has transferred its CSR assets after obtaining regulatory approvals, having carrying value of ₹ 117 Crore as on the date of transfer, at nominal consideration to Zinc India Foundation (wholly owned subsidiary), incorporated during the current year under Section 8 of the Companies Act, 2013. The carrying value of these assets has been included as CSR expense in the financial statements owing to such transfer.

(b) The Company has an excess CSR spent of ₹ 51 Crore (March 31, 2022: ₹ 4 Crore) which it proposes to offset against future obligations and has recognised the same as an asset in the balance sheet.

(₹ in Crore)

| Particulars | CSR spent during the year | | | |
|-----------------------------------|---------------------------|----------------------|--|-----------------|
| | Opening Balance | Required to be spent | Actual spent (Net of opening excess spent and other adjustments) | Closing balance |
| For the year ended March 31, 2023 | 4 | 214 | 261 | 51 |
| For the year ended March 31, 2022 | 18 | 187 | 173 | 4 |



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35. FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 and note 3.

Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

| (₹ in Crore) | | | | | |
|---|------------------------------------|---|----------------|----------------------|------------------|
| Particulars | Fair Value through profit and loss | Fair Value through other comprehensive income | Amortized Cost | Total carrying value | Total fair value |
| As at March 31, 2023 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | - | - | 59 | 59 | 59 |
| Other bank balances | - | - | 1,353 | 1,353 | 1,353 |
| Investments | 5,716 | 4,391 | - | 10,107 | 10,107 |
| Trade receivables | 90 | - | 290 | 380 | 380 |
| Other Current financial assets and loans | 32 | - | 118 | 150 | 150 |
| Other Non-current financial assets and loans | - | - | 173 | 173 | 173 |
| Total | 5,838 | 4,391 | 1,993 | 12,222 | 12,222 |
| Financial liabilities | | | | | |
| Borrowings | - | - | 11,841 | 11,841 | 11,816 |
| Lease liabilities | - | - | 40 | 40 | 40 |
| Trade payables | - | - | 2,086 | 2,086 | 2,086 |
| Operational buyers' credit/ suppliers' credit | - | - | 307 | 307 | 307 |
| Other Current financial liabilities | - | - | 2,402 | 2,402 | 2,402 |
| Total | - | - | 16,676 | 16,676 | 16,651 |
| As at March 31, 2022 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | - | - | 1,592 | 1,592 | 1,592 |
| Other bank balances | - | - | 4,171 | 4,171 | 4,171 |
| Investments | 15,052 | - | - | 15,052 | 15,052 |
| Trade receivables | 180 | - | 536 | 716 | 716 |
| Other Current financial assets and loans | 1 | - | 35 | 36 | 36 |
| Other Non-current financial assets and loans | - | - | 58 | 58 | 58 |
| Total | 15,233 | - | 6,392 | 21,625 | 21,625 |
| Financial liabilities | | | | | |
| Borrowings | - | - | 2,823 | 2,823 | 2,833 |
| Lease liabilities | - | - | 21 | 21 | 21 |
| Trade payables | - | - | 2,038 | 2,038 | 2,038 |
| Operational buyers' credit/ suppliers' credit | - | - | 280 | 280 | 280 |
| Other Current financial liabilities | 49 | 98 | 1,754 | 1,901 | 1,901 |
| Total | 49 | 98 | 6,916 | 7,063 | 7,073 |

The management assessed that Cash and cash equivalents, Other bank balances, Trade receivables, Trade payables, Short term borrowings, Lease liabilities, Operational buyer's credit, Other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.



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Fair value of the current instrument in bonds and zero coupon bonds are based on the price quotations at the reporting date. Fair value of current investments that are in the nature of 'close ended' mutual funds are based on market observable inputs i.e. NAV provided by mutual fund houses [a level 2 technique].

Fair value of current investments that are in the nature of 'open ended' mutual funds are derived from quoted market prices in active markets [a level 1 technique].

Fair value of non current investments that are in the nature of 'Investment in OCRPS' are derived from Net Asset Value method [a level 3 technique].

The fair value of other non current financial assets and liabilities are estimated by discounting the expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the appropriate credit spread.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are valued using valuation technique with market observable inputs. The most frequently applied valuation techniques for such derivatives include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying currency (a level 2 technique). Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange i.e. London Metal Exchange, United Kingdom (U.K.) [a level 2 technique]. The changes in counterparty risk had no material effect on the hedge effectiveness assessment for the derivatives designated in hedge relationship and the value of the other financial instrument recognised at fair value.

Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by measurement hierarchy. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quantitative disclosures on fair value measurement hierarchy:

| | (₹ in Crore) | | |
|---|--------------|--------------|------------|
| Particulars | Level-1 | Level-2 | Level-3 |
| As at March 31, 2023 | | | |
| Financial Assets | | | |
| At fair value through profit and loss | | | |
| Investments | 1,777 | 3,834 | 105 |
| Derivatives financial assets* | | | |
| Forward foreign currency contracts | - | 16 | - |
| Commodity contracts | - | 16 | - |
| Trade receivables | - | 90 | - |
| At fair value through other comprehensive income | | | |
| Investments | - | 4,391 | - |
| Total | 1,777 | 8,347 | 105 |
| Financial Liabilities | | | |
| At fair value through profit and loss | | | |
| Derivatives financial liabilities* | | | |
| Forward foreign currency contracts | - | - | - |
| Commodity contracts | - | - | - |



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(₹ in Crore)

| Particulars | Level-1 | Level-2 | Level-3 |
|--|--------------|---------------|---------|
| Derivatives designated as hedging instruments | | | |
| Derivatives financial liabilities* | | | |
| Commodity contracts | - | - | - |
| Total | - | - | - |
| As at March 31, 2022 | | | |
| Financial Assets | | | |
| At fair value through profit and loss | | | |
| Investments | 5,119 | 9,933 | - |
| Derivatives financial assets* | | | |
| Forward foreign currency contracts | - | - | - |
| Commodity contracts | - | 1 | - |
| Trade receivables | - | 180 | - |
| Total | 5,119 | 10,114 | - |
| Financial Liabilities | | | |
| At fair value through profit and loss | | | |
| Derivatives financial liabilities* | | | |
| Forward foreign currency contracts | - | 41 | - |
| Commodity contracts | - | 8 | - |
| Derivatives designated as hedging instruments | | | |
| Derivatives financial liabilities* | | | |
| Commodity contracts | - | 98 | - |
| Total | - | 147 | - |

* Refer section - "Derivative financial instruments"

The below table summarises the fair value of borrowings which are carried at amortised cost as at March 31, 2023 and March 31, 2022:

(₹ in Crore)

| Financial Liabilities | Level-1 | Level-2 | Level-3 |
|-----------------------------|---------|---------------|---------|
| As at March 31, 2023 | | | |
| Borrowings | - | 11,816 | - |
| Total | - | 11,816 | - |
| As at March 31, 2022 | | | |
| Borrowings | - | 2,833 | - |
| Total | - | 2,833 | - |

There were no transfers between level 1, level 2 and level 3 during the year.

Risk management framework

Risk management

The Company's businesses are subject to several risks and uncertainties including financial risks. The Company's documented risk management policies act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. Each significant risk has a designated 'owner' within the Company at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.



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The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. The Audit Committee is aided by the Risk Management Committee, which meets regularly to review risks as well as the progress against the planned actions. Key business decisions are discussed at the periodic meetings of the Executive Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

Treasury management

The Company's treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Executive Committee meetings. Day-to-day treasury operations of the Company are managed by the finance team within the framework of the overall Company's treasury policies. A monthly reporting system exists to inform senior management about investments, currency and, commodity derivatives. The Company has a strong system of internal control which enables effective monitoring of adherence to Company's policies. The internal control measures are effectively supplemented by regular internal audits.

The Company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forwards and these are subject to the Company's guidelines and policies.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022. The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations, provisions, and the non-financial assets and liabilities of foreign operations.

Commodity price risk

The Company is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Company produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Company aims to achieve the monthly average of the commodity prices for sales realization. In exceptional circumstances, the Company may enter into strategic hedging. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the Company.



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Whilst the Company aims to achieve average LME prices for a month or a year, average realized prices may not necessarily reflect the LME price movements because of a variety of reasons such as uneven sales during the year and timing of shipments.

Financial instruments with commodity price risk are entered into in relation to following activities:

- economic hedging of prices realized on commodity contracts.
- cash flow hedging on account of forecasted highly probable transactions.

The sales prices of zinc and lead are linked to the LME prices. The Company also enters into hedging arrangements for its Zinc and Lead sales to realize month of sale LME prices.

Total exposure on provisionally priced Zinc, Lead & Silver contracts as at March 31, 2023 were ₹ 837 Crore (March 31, 2022: ₹ 426 Crore), ₹ 110 Crore (March 31, 2022: ₹ 44 Crore) and Nil (March 31, 2022: Nil) respectively. The impact on net profits for a 10% movement in LME prices of zinc, 5% movement in LME price of lead and 5% movement in LBMA price of silver that were provisionally priced as at March 31, 2023 is ₹ 84 Crore, ₹ 6 Crore and Nil respectively and as at March 31, 2022 is ₹ 43 Crore, ₹ 2 Crore and Nil respectively.

Financial risk

The Company's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize interest and commodity pricing through proven financial instruments.

a. Liquidity risk

The Company requires funds both for short-term operational needs as well as for long-term investment programme mainly in growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.

The Company has been rated as 'AAA/ Stable for long term and A1+ for short term by CRISIL Limited during the current and previous financial years.

The Company remains committed to maintaining a healthy liquidity, gearing ratio and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

| | (₹ in Crore) | | | | |
|----------------------------------|---------------|--------------|-----------|-----------|---------------|
| Payment due by years | <1 year | 1-3 years | 3-5 years | > 5 years | Total |
| As at March 31, 2023 | | | | | |
| Trade and other payables | 4,721 | 0 | - | - | 4,721 |
| Lease liabilities | 21 | 18 | - | 1 | 40 |
| Derivative financial liabilities | - | - | - | - | - |
| Borrowings* | 10,849 | 1,598 | - | - | 12,447 |
| Total | 15,591 | 1,616 | - | 1 | 17,208 |
| As at March 31, 2022 | | | | | |
| Trade and other payables | 3,996 | 0 | - | - | 3,996 |
| Lease liabilities | 15 | 5 | 0 | 1 | 21 |
| Derivative financial liabilities | 147 | - | - | - | 147 |
| Borrowings* | 863 | 2,224 | - | - | 3,087 |
| Total | 5,021 | 2,229 | 0 | 1 | 7,251 |

*Includes non-current borrowings, current borrowings, current maturities of non-current borrowings, committed interest payments on borrowings and interest accrued on borrowings.



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The Company had access to following funding facilities.

| (₹ in Crore) | | | |
|-----------------------------|----------------|--------------|--------------|
| Funding facility | Total facility | Drawn | Undrawn |
| As at March 31, 2023 | | | |
| Less than 1 year | 11,776 | 9,024 | 2,752 |
| More than 1 year | - | - | - |
| Total | 11,776 | 9,024 | 2,752 |
| As at March 31, 2022 | | | |
| Less than 1 year | 9,266 | 4,772 | 4,494 |
| More than 1 year | - | - | - |
| Total | 9,266 | 4,772 | 4,494 |

b. Foreign exchange risk

Fluctuations in foreign currency exchange rates may have an impact on the Statement of Profit and Loss, where any transaction references more than one currency other than the functional currency of the Company.

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 denominated in foreign currency. The Company is also exposed to foreign exchange risk on its exports. Most of these transactions are denominated in US dollars. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns. Longer term exposures, are normally unhedged. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the Statement of Profit and Loss. The below table summarises the foreign currency risk from financial instrument and is partly mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on “Derivative financial instruments.”

The carrying amount of the Company’s financial assets and liabilities in different currencies is as follows:

| (₹ in Crore) | | | | |
|-------------------|----------------------|---------------------|----------------------|---------------------|
| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
| | Financial Asset | Financial Liability | Financial Asset | Financial Liability |
| Currency exposure | | | | |
| US Dollar | 251 | 395 | 350 | 358 |
| Euro | - | 634 | - | 330 |
| Australian Dollar | - | 4 | - | 2 |
| SEK | - | 14 | - | 6 |
| Others | - | 2 | - | 2 |

The Company’s exposure to foreign currency arises where a Company holds monetary assets and liabilities denominated in a currency different to the functional currency of the Company, with US dollar and Euro being the major non-functional currency. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, liquidity and other market changes.

The results of Company operations may be affected largely by fluctuations in the exchange rates between the Indian Rupee, against the US dollar and Euro. The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rate shift in the currencies by 10% against the functional currency of the respective entities.



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Set out below is the impact of a 10% strengthening/ weakening in the INR on pre-tax profit/ (loss) arising as a result of the revaluation of the Company's foreign currency financial assets/ liabilities:

(₹ in Crore)

| Particulars | Total exposure | | Effect of 10% strengthening/ weakening of INR on pre-tax profit/ (loss) | |
|-------------------|-----------------------------------|-----------------------------------|---|-----------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
| US Dollar | 144 | 8 | 14 | 1 |
| Euro | 634 | 330 | 63 | 33 |
| Australian Dollar | 4 | 2 | 0 | 0 |
| SEK | 14 | 6 | 1 | 1 |
| Others | 2 | 2 | 0 | 0 |

c. Interest rate risk

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Company's financial assets to interest rate risk is as follows:

(₹ in Crore)

| Particulars | Total | Floating rate | Fixed rate | Non-interest bearing |
|-----------------------------|--------|---------------|------------|----------------------|
| As at March 31, 2023 | | | | |
| Financials assets | 12,222 | 1,981 | 8,340 | 1,901 |
| Financial liabilities | 16,676 | 4,000 | 8,188 | 4,488 |
| As at March 31, 2022 | | | | |
| Financials assets | 21,625 | 6,315 | 14,452 | 858 |
| Financial liabilities | 7,063 | - | 3,124 | 3,939 |

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term and long term debt obligations.

Considering the net debt position as at March 31, 2023 and the investment in bonds and debt mutual funds, any increase in interest rates would result in a net decrease in profits and any decrease in interest rates would result in a net increase in profits. The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.

The below analysis gives the impact of a 0.5% to 2.0% change in interest rates on floating rate financial assets/ liabilities (net) on profit/ (loss) and equity and represents management's assessment of the possible change in interest rates.

The impact of change (increase/ (decrease)) in interest rate of 0.5%, 1.0% and 2.0% on profits for the period ended March 31, 2023 is ₹ 10 Crore, ₹ 20 Crore and ₹ 40 Crore and for year ended March 31, 2022 is ₹ 32 Crore, ₹ 63 Crore and ₹ 126 Crore respectively.

d. Counterparty and concentration of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company is exposed to credit risk for receivables, cash and cash equivalents, short-term investments and derivative financial instruments. Credit risk on receivables is limited as almost all credit sales are against letters of credit and guarantees of banks of good financial repute.

Moreover, given the nature of the Company's business, trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of revenue on a % basis in current year



Notes Forming Part of the Financial Statements

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(previous year: None). The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company's counterparties.

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes and bonds.

The carrying value of the financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk as at March 31, 2023 and March 31, 2022 are ₹ 12,222 Crore and ₹ 21,625 Crore respectively.

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at March 31, 2023, that defaults in payment obligations will occur.

Of the year end trade receivables, loans and other financial assets (excluding derivatives), following balances were past due but not impaired as at March 31, 2023 and March 31, 2022:

| Particulars | (₹ in Crore) | |
|-------------------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Neither impaired nor past due | 591 | 650 |
| Past due but not impaired | | |
| Less than 1 month | 64 | 100 |
| Between 1-3 months | 2 | 14 |
| Between 3-12 months | 9 | 35 |
| Greater than 12 months | 5 | 11 |
| Total | 671 | 810 |

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

The credit quality of the Company's customers is monitored on an on-going basis and assessed for impairment where indicators of such impairment exist. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms.

Derivative financial instruments

The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and these are subject to the Company guidelines and policies.

All derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value based on quotations obtained from financial institutions or brokers. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current assets and liabilities/ reserves. Derivatives that are designated as hedges are classified as current depending on the maturity of the derivative.

The use of derivatives can give rise to credit and market risk. The Company tries to manage credit risk by entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.



Notes Forming Part of the Financial Statements

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Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts and marked-to-market when their risks and characteristics are not clearly and closely related to those of their host contracts and the host contracts are not fair valued.

Cash flow hedges

The Company also enters into commodity price contracts for hedging highly probable future forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognized in equity through OCI until the hedged transaction occurs, at which time, the respective gains or losses are reclassified to the Statement of Profit and Loss.

There is an economic relationship between the hedged items and the hedging instruments. The Company has established a hedge ratio of 1:1 for the hedging relationships. To test the hedge effectiveness, the Company uses the hypothetical derivative method and Dollar offset method.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments.
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments.

These hedges have been effective for the year ended March 31, 2023.

Fair value hedges

The fair value hedges relate to commodity price risks and foreign currency exposure. The Company's sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer's facility. The Company enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions are substantially offset by the amount of gains or losses on the underlying sales. There were no fair value hedges for the period ended March 31, 2023.

Non-qualifying/ economic hedges

Non-qualifying hedges related to commodity price risks and foreign currency exposure. The Company enters into forward foreign currency contracts and commodity contracts (for the period ended March 31, 2023) which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Fair value changes on such forward contracts are recognized in the Statement of Profit and Loss.

The fair value of the Company's derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows:

| Derivative financial instruments | (₹ in Crore) | | | |
|------------------------------------|----------------------|-------------|----------------------|-------------|
| | As at March 31, 2023 | | As at March 31, 2022 | |
| | Assets | Liabilities | Assets | Liabilities |
| Current | | | | |
| Cash flow hedges* | | | | |
| Commodity contracts | - | - | - | 98 |
| Non - qualifying hedges | | | | |
| Commodity contracts | 16 | - | 1 | 8 |
| Forward foreign currency contracts | 16 | - | - | 41 |
| Total | 32 | - | 1 | 147 |

*Refer Statement of Profit and Loss and Statement of Changes in Equity for the change in the fair value of cash flow hedges.



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as at and for the year ended March 31, 2023

Disclosures of effects of Cash Flow Hedge Accounting:

Hedging instruments

The Company is holding the following commodity forward contracts:

| | Maturity | | | | | Total |
|---------------------------------------|-------------------|---------------|---------------|---------------|----------------|---------|
| | Less than 1 month | 1 to 3 months | 3 to 6 months | 6 to 9 months | 9 to 12 months | |
| At March 31, 2023 | | | | | | |
| Zinc | | | | | | |
| Notional qty (in tonnes) | - | - | - | - | - | - |
| Notional amount (in ₹ Crore) | - | - | - | - | - | - |
| Average hedged rate (in \$ per tonne) | - | - | - | - | - | - |
| At March 31, 2022 | | | | | | |
| Zinc | | | | | | |
| Notional qty (in tonnes) | 6,025 | 54,625 | 55,500 | 4,275 | 1,500 | 121,925 |
| Notional amount (in ₹ Crore) | 188 | 1,697 | 1,686 | 127 | 44 | 3,742 |
| Average hedged rate (in \$ per tonne) | 4,118 | 4,109 | 4,019 | 3,943 | 3,845 | |

The impact of the hedging instruments on the Balance Sheet is as under:

| Particulars | (₹ in Crore) | |
|---|-----------------------------------|--|
| | As at March 31, 2023 | As at March 31, 2022 |
| Commodity forward contracts | | |
| Notional amount (in ₹ Crore) | - | 3,742 |
| Carrying amount (in ₹ Crore) | - | 98 |
| Line item in the Balance Sheet that's includes Hedging Instruments | Other Current Financial Assets | Other Current Financial Liabilities |
| Change in fair value used for measuring ineffectiveness for the period - Gain/ (Loss) | 98 | (98) |

Hedge Items

The impact of the Hedged Items on the Balance Sheet is as follows:

| Particulars | (₹ in Crore) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Highly probable forecast sales | | |
| Balance in Cash flow hedge reserve as at the end of the year for continuing hedges (net of tax) | - | (64) |
| Change in value of the hedged items used for measuring ineffectiveness for the period | 98 | (98) |

The effect of the cash flow hedge in the Statement of Profit and Loss and Other Comprehensive Income is as follows:

| Particulars | (₹ in Crore) | |
|--|----------------------------|----------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Commodity forward contracts | | |
| Cash flow Hedge Reserve at the beginning of the year | (64) | - |
| Total Hedging Gain/ (Loss) recognised in OCI | 979 | (98) |
| Income tax on above | (342) | 34 |
| Ineffectiveness recognised in profit or loss | - | - |
| Line item in the Statement of Profit and Loss that includes the recognised ineffectiveness | NA | NA |
| Amount reclassified from OCI to profit or loss | (881) | - |
| Income tax on above | 308 | - |
| Cash flow Hedge Reserve at the end of the year | - | (64) |
| Line item in the Statement of Profit and Loss that includes the reclassification adjustments | Revenue from Operations | Revenue from Operations |



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

Disclosures of Non qualifying Hedge:

- A. The following are the outstanding forward exchange contracts entered into by the Company and outstanding as at year end

(In Crore)

| Currency | Foreign currency | Indian Rupees | Buy/ Sell | Cross Currency |
|-----------------------------|------------------|---------------|-----------|----------------|
| As at March 31, 2023 | | | | |
| USD | 1 | 88 | Buy | INR |
| EUR | 0 | 18 | Buy | INR |
| GBP | 0 | 0 | Buy | INR |
| EUR | 8 | 720 | Buy | USD |
| SEK | 2 | 14 | Buy | USD |
| JPY | 13 | 8 | Buy | USD |
| AUD | 0 | 14 | Buy | USD |
| GBP | 0 | 6 | Buy | USD |

(In Crore)

| Currency | Foreign currency | Indian Rupees | Buy/ Sell | Cross Currency |
|-----------------------------|------------------|---------------|-----------|----------------|
| As at March 31, 2023 | | | | |
| USD | 3 | 233 | Buy | INR |
| EUR | 0 | 10 | Buy | INR |
| GBP | 0 | 3 | Buy | INR |
| EUR | 9 | 733 | Buy | USD |
| SEK | 4 | 34 | Buy | USD |
| JPY | 10 | 6 | Buy | USD |
| AUD | 0 | 13 | Buy | USD |
| GBP | 0 | 19 | Buy | USD |

- B. The following are the outstanding position of commodity hedging open contracts as at March 31, 2023:-

Zinc forwards/ futures (sale)/ buy for (30,237) MT (2022: (13,727) MT)

Lead forwards/ futures (sale)/ buy for (9,192) MT (2022: (324) MT)

Silver forwards/ futures (sale)/ buy for Nil Oz (2022: Nil Oz)

- C. All derivative and financial instruments acquired by the Company are for hedging purposes.

- D. Unhedged foreign currency exposure

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------|-------------------------|-------------------------|
| Debtors | 251 | 350 |
| Creditors | 345 | 179 |

36. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of internal accruals, equity and short term borrowings. The Company monitors capital on the basis of gearing ratio, which is net debt divided by total capital (equity + net debt). Net debt are non-current and current debt as reduced by cash and cash equivalents, other bank balances, current investments and certain non current investments. Equity comprises all components including other components of equity. The Company is not subject to any externally imposed capital requirement.



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

(₹ in Crore)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Cash and cash equivalents (see note 11) | 59 | 1,592 |
| Other Bank balances ⁽¹⁾ (see note 12) | 0 | 4,145 |
| Current investments (see note 9) | 9,850 | 15,052 |
| Non Current investments ⁽²⁾ (see note 9) | 152 | - |
| Total cash (a) | 10,061 | 20,789 |
| Non Current borrowings (see note 15) | 1,500 | 2,111 |
| Current borrowings (see note 15) | 10,341 | 712 |
| Total debt (b) | 11,841 | 2,823 |
| Net debt (c = (b-a)) | 1,780 | - |
| Equity (d) (see Statement of changes in Equity) | 12,942 | 34,282 |
| Total Capital (e = equity + net debt) | 14,722 | 34,282 |
| Gearing ratio (times) (c/ e) | 0.12 | - |

(1) The Company has included other bank balances as part of total cash. The same are excluding balances pertaining to earmarked unpaid dividend accounts.

(2) excluding investment in subsidiaries, JV and preference shares.

37. RELATED PARTY

a. List of related parties:

Particulars

(i) Holding Companies:

Vedanta Limited (Immediate Holding Company)
 Vedanta Resources Limited (Intermediate Holding Company)
 Volcan Investments Limited (Ultimate Holding Company)

(ii) Subsidiaries:

Hindustan Zinc Alloys Private Limited (wholly owned subsidiary)
 Vedanta Zinc Football & Sports Foundation (Section 8 company) (wholly owned subsidiary)
 Zinc India Foundation (Section 8 company) (wholly owned subsidiary incorporated on August 05, 2022)
 Hindustan Zinc Fertilisers Private limited (wholly owned subsidiary incorporated on September 07, 2022)

(iii) Fellow Subsidiaries (with whom transactions have taken place):

Bharat Aluminium Company Limited
 Sterlite Power Transmission Limited
 Talwandi Sabo Power Limited
 ESL Steel Limited
 Malco Energy Limited
 Fujairah Gold FZC
 Black Mountain Mining (Pty) Limited
 Namzinc (Pty) Limited
 Vizag General Cargo Berth Private Limited
 Ferro Alloys Corporation Limited
 Serentica Renewables India 5 Private Limited
 Serentica Renewables India 4 Private Limited
 STL Digital Limited

(iv) Related Party having a Significant Influence

Government of India - President of India



Notes Forming Part of the Financial Statements

as at and for the year ended March 31, 2023

(v) Other related party

Vedanta Foundation
 Madanpur South Coal Company Limited (jointly controlled entity)
 Minova Runaya Private Limited
 Hindustan Zinc Limited Employee's Contributory Provident Fund Trust
 Hindustan Zinc Limited Employee's Group Gratuity Trust
 Hindustan Zinc Limited Superannuation Trust

b. Transactions with Key management Personnel:

Compensation of key management personnel of the Company recognised as expense during the reporting period

(₹ in Crore)

| Nature of transactions | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Short-term employee benefits ⁽¹⁾ | 13 | 9 |
| Sitting fee and commission to directors | 2 | 1 |
| Total compensation paid to key management personnel | 15 | 10 |

(1) Excludes gratuity and compensated absences as these are recorded in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

There are no outstanding debts or loans due from directors or other officers (as defined under Section 2(59) of the Companies Act, 2013) of the Company.

c. Transactions with Government having significant influence:

Central government of India holds 29.54% shares in HZL. During the year, Company has availed incentives in the form of export incentive under Export promotion and credit guarantee scheme announced by the Government of India. Also, HZL has transactions with other government related entities (public sector undertakings) including but not limited to sales and purchase of goods and ancillary materials, rendering and receiving services and use of public utilities.

d. Transactions with Related Parties:

The details of the related party transactions entered into by the Company, for the period ended March 31, 2023 and March 31, 2022 are as follows:

(₹ in Crore)

| Nature of transactions | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|--------------------------------------|--------------------------------------|
| Sale of Goods | | |
| Fujairah Gold FZC | 46 | 39 |
| Vedanta Limited | 0 | 0 |
| Total | 46 | 39 |
| Purchase of Goods | | |
| Vedanta Limited | 33 | 40 |
| Bharat Aluminium Company Limited | 42 | 51 |
| Minova Runaya Private Limited | 218 | 116 |
| Malco Energy Limited | 255 | 42 |
| Namzinc (Pty) Limited | - | 0 |
| Total | 548 | 249 |
| Purchase of IT services | | |
| STL Digital Limited | 3 | - |
| Total | 3 | - |
| Purchase of property, plant and equipment | | |
| Vedanta Limited | 0 | 0 |
| Fellow Subsidiaries | 0 | - |
| Total | 0 | 0 |



Notes Forming Part of the Financial Statements

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(₹ in Crore)

| Nature of transactions | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Sale of property, plant and equipment | | |
| Vedanta Limited | 0 | 0 |
| Talwandi Sabo Power Limited | 0 | 1 |
| Hindustan Zinc Alloys Private Limited | 2 | - |
| Total | 2 | 1 |
| Strategic services and Brand fees | | |
| Vedanta Limited | 343 | - |
| Total | 343 | - |
| Interest on Loan given | | |
| Hindustan Zinc Alloys Private Limited | (3) | - |
| Total | (3) | - |
| Other Expenses and other reimbursements | | |
| Vedanta Limited | 70 | 117 |
| Fellow Subsidiaries | (1) | (2) |
| Wholly Owned Subsidiaries | (6) | (0) |
| Total | 63 | 115 |
| Dividend | | |
| Vedanta Limited | 20,711 | 4,938 |
| Government of India | 9,422 | 2,246 |
| Total | 30,133 | 7,184 |
| Donations | | |
| Vedanta Zinc Football & Sports Foundation | 6 | - |
| Total | 6 | - |
| Investments made | | |
| Serentica Renewables India 4 Private Limited (refer note 30(d)(i)) | 105 | - |
| Wholly Owned Subsidiaries | 0 | 0 |
| Total | 105 | 0 |
| Loan Given | | |
| Hindustan Zinc Alloys Private Limited | 111 | - |
| Total | 111 | - |
| Transfer of CSR Assets | | |
| Zinc India Foundation (see note 5(1)) | 0 | - |
| Total | 0 | - |
| Letter of Comfort/ Bank Limits assigned | | |
| Hindustan Zinc Alloys Private Limited (refer note 30(d)(ii)) | 81 | - |
| Total | 81 | - |
| Other commitments | | |
| Serentica Renewables India 4 Private Limited (refer note 30(d)(i)) | 245 | - |
| Serentica Renewables India 5 Private Limited (refer note 30(d)(i)) | 438 | - |
| Total | 683 | - |
| Contribution to: | | |
| Hindustan Zinc Limited Employee's Contributory Provident Fund Trust | 50 | 31 |
| Hindustan Zinc Limited Employee's Group Gratuity Trust | - | 55 |
| Hindustan Zinc Limited Superannuation Trust | 3 | 3 |
| Total | 53 | 89 |

All the transactions entered by the Company with the related parties are at arm's length price.



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e. The balances receivable/ payable as at year end:

| Particulars | (₹ in Crore) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Receivable From | | |
| Vedanta Limited* | 0 | 31 |
| Fujairah Gold FZC | 12 | 19 |
| Bharat Aluminium Company Limited | 0 | - |
| Black Mountain Mining (PTY) Limited | 0 | 1 |
| Hindustan Zinc Alloys Private Limited - loans receivable | 111 | 0 |
| Hindustan Zinc Alloys Private Limited - interest receivable | 3 | - |
| Hindustan Zinc Alloys Private Limited - Other receivable | 1 | - |
| Hindustan Zinc Alloys Private Limited - Letter of Comfort/ Bank Limits assigned | 81 | - |
| Vedanta Zinc Football & Sports Foundation | 0 | 0 |
| Zinc India Foundation | 3 | - |
| Total | 213 | 51 |

*Target plus scheme ("TPS") as a part of foreign trade policy was announced on August 31, 2004 w.e.f. April 01, 2004, with an objective of accelerating growth in exports. Pursuant to this scheme, Vedanta Limited ("erstwhile Sterlite Industries Ltd.") (Holding Company) had applied for TPS scrips of value of ₹ 306 Crore. However, certain retrospective amendments in this scheme were made by Directorate General of Foreign Trade ('DGFT') resulting in reduction in these scrips value by ₹ 216 Crore in which HZL had a share of ₹ 48 Crore. This was challenged by the Holding Company in the Hon'ble Supreme Court. Basis the favourable judgements from the Hon'ble Supreme Court, HZL had recognised an income of ₹ 48 Crore as an export incentive recoverable in December 2015. However, during FY 2020-21, the TPS scrips of value of ₹ 216 Crore were issued by Directorate General of Foreign Trade ('DGFT') in the name of Vedanta Limited ("Holding Company") basis which, the export incentive recoverable was reclassified to recoverable from Vedanta Limited. The Company has realised ₹ 20 Crore from Vedanta Limited on the basis of proportionate scrips utilization by Vedanta Limited and has created a provision of remaining ₹ 28 Crore considering the expiry of the utilization timeline for these scrips till February 24, 2023 and no favorable outcome of the petition filed by the Holding Company in the Hon'ble Supreme Court for extension of the utilization timeline (see note 27(4)).

| Particulars | (₹ in Crore) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Payable To | | |
| Bharat Aluminium Company Limited | - | 2 |
| Vedanta Limited | 20 | 37 |
| Minova Runaya Private Limited | 12 | 11 |
| Malco Energy Limited | 6 | 31 |
| ESL Steel Limited | 0 | - |
| Sterlite Power Transmission Limited | 0 | 0 |
| Talwandi Sabo Power Limited | - | 0 |
| Hindustan Zinc Limited Employee's Contributory Provident Fund Trust | 8 | 8 |
| Hindustan Zinc Limited Employee's Group Gratuity Trust | 7 | 0 |
| Hindustan Zinc Limited Superannuation Trust | - | 0 |
| Sitting fee and commission to directors | 1 | 1 |
| Total | 55 | 90 |

e. Terms and conditions of related party transactions:

The transactions from related parties are assessed to be at arm's length by the management. Outstanding balances at the year-end are unsecured and interest free, except for loans given to subsidiary company, and settlement occurs in cash.

Loan to Hindustan Zinc Alloys Private Limited (wholly owned subsidiary company) is towards funding of its capital expenditure. The total sanctioned limit of the loan is ₹ 191.90 Crore at a floating rate of interest of 6.25% p.a linked with Repo rate (benchmarked) which shall be reset every 3 months.

Company usually pays strategic services and brand fees in advance at the beginning of the year, based on its estimated annual turnover.

There have been no other guarantees/ letter of comfort provided or received from/ to any related party receivables or payables except as disclosed in note (d) above.



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38. RATIO ANALYSIS AND ITS ELEMENTS

| Ratio | Numerator | Denominator | March 31, 2023 | March 31, 2022 | % Variance ⁽¹⁾ |
|---------------------------------|--|--|----------------|----------------|---------------------------|
| Current ratio ⁽²⁾ | Current Assets | Current Liabilities (excluding current maturities of long term borrowing) ⁽²⁾ | 0.97 | 4.45 | (78%) |
| Debt- Equity Ratio | Debt [Debt is long term borrowing (current & non current portion) and Short Term Borrowing] | Shareholder's Equity | 0.91 | 0.08 | 1044% |
| Debt Service Coverage ratio | 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 year | 17.65 | 6.64 | 166% |
| Return on Equity ratio | Net Profit after tax (PAT) before exceptional items (net of tax) | Average Shareholder's Equity | 45% | 29% | 53% |
| Inventory Turnover ratio | Revenue from operations - Earning before Interest, Tax, Depreciation & Amortisation (EBITDA) and exceptional items | Average Inventory | 8.65 | 7.79 | 11% |
| Trade Receivable Turnover Ratio | Revenue from operations (including Other operating income) | Average Trade Receivable | 62.22 | 52.48 | 19% |
| Trade Payable Turnover Ratio | Total Purchases | Average Trade Payables | 7.96 | 7.64 | 4% |
| Net Capital Turnover Ratio | Revenue from operations (including Other operating income) | Working capital = Current assets – Current liabilities excluding current maturities of long term borrowing | ** | 1.71 | - |
| Net Profit ratio | Net Profit after tax (PAT) before exceptional items (net of tax) | Revenue from operations (including Other operating income) | 31% | 33% | (7%) |
| Return on Capital Employed | Earnings before interest and taxes (EBIT) | Average Capital Employed Capital Employed = Net Worth + Total Debt [Debt is long term borrowing (current & non current portion) and Short Term Borrowing] | 46% | 35% | 33% |
| Return on Investment | Income on investments (including interest income on Bank deposits with original maturity of more than 12 months) | Average Investments (including Bank deposits with original maturity of more than 12 months) | 7% | 5% | 45% |

**Net working capital is negative

⁽¹⁾ Reason for Variance more than 25%

- Current Ratio:** Current ratio is lower mainly on account of higher short term borrowing taken during the year and lower investments and cash & bank balances.
- Debt- Equity Ratio:** Debt Equity ratio is higher mainly on account of higher borrowings and lower shareholder's equity (due to higher dividend payment during the year).
- Debt Service Coverage ratio:** Debt Service Coverage ratio is higher mainly on account of lower repayment of long term borrowing during the year, partially offset by lower EBITDA.
- Return on Equity ratio:** Return on Equity ratio is higher mainly on account higher PAT and lower average shareholder's equity (due to higher dividend payment during the year).
- Return on Capital Employed:** Return on Capital Employed ratio is higher mainly on account higher EBIT and average lower shareholder's equity (due to higher dividend payment during the year) partially offset by higher average borrowings during the year.
- Return on Investment:** Return on Investment ratio is higher mainly on account lower average investments

⁽²⁾ Current maturities of long term borrowings have been excluded from current liabilities from current year, as the same are long term in nature. Accordingly ratio for previous year has been modified.



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39. LOANS AND ADVANCE(S) IN THE NATURE OF LOAN (REGULATIONS 34 (3) AND 53 (F) READ TOGETHER WITH PARA A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS, 2015)

a) Subsidiaries

| Name of the Company | Relationship | Maximum Amount Outstanding during the year | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------------|-------------------------|--|----------------------|----------------------|
| Hindustan Zinc Alloys Private Limited | Wholly owned subsidiary | 111 | 111 | - |

40. SUBSEQUENT EVENTS

There are no other material adjusting or non-adjusting subsequent events, except as already disclosed.

41. OTHER STATUTORY INFORMATION

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.
- (iii) The Company does not have any transactions with companies struck off.
- (iv) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- (viii) The Company has no any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

42. Previous year figures have been regrouped/ reclassified where ever necessary, to conform to those of the current year presentation.

See accompanying notes to financial statements.

As per our report on even date

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

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per **Tridevlal Khandelwal**

Partner

ICAI Membership No.: 501160

Date: April 21, 2023

Place: Pune

For and on behalf of the Board of Directors

Arun Misra

CEO & Whole-time Director

DIN: 01835605

Sandeep Modi

Chief Financial Officer

Date: April 21, 2023

Place: Udaipur

Anjani Kumar Agrawal

Director

DIN: 08579812

Place: Mumbai

R. Pandwal

Company Secretary

ICSI Membership No.: A9377

Date: April 21, 2023

Place: Udaipur

