

tasked with overseeing the Company's mitigation strategies for its key risks.

A comprehensive risk management policy has been developed, encapsulating all significant risks and corresponding mitigation plans in a "Risk Matrix". This matrix undergoes quarterly reviews by senior management and periodic assessments by the Audit & Risk Management Committee. The risk matrix includes the Company's evaluations of the impact and probability of each major risk, along with steps taken or planned for mitigation. Unit-wise risk matrices are reviewed quarterly by unit and location management.

Please refer to the Risk Management chapter in the Integrated Annual Report, located on page 88, for further information.

4. Compliance

Our compliance systems, which is ISO 37301 certified, covers a multitude of statutory obligations and ensures adherence to all applicable laws and regulations. During FY 2023-24, no material and uncontested financial or non-monetary sanctions were imposed upon the Company (except as disclosed in the Financial Statements). Some of the key compliance aspects are dealt with below:

(a) Disclosure of Related Party Transactions

All the related party transactions that were entered into during the financial year were at arm's-length basis and predominantly in the ordinary course of business and with the prior approval of the Audit and Risk Management Committee/Board. Members may refer to disclosures made in Note No. 36 to Financial Statements in compliance with Regulation 23 of SEBI (LODR) and Ind AS 24. In terms of the provisions of SEBI Listing Regulations, the Related Party Transaction policy is also available on the company website [Final-HZL-RPT-Policy-21.01.2022.pdf \(hzlindia.com\)](#).

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

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

(c) Compliance with Capital Market Regulations

The Company has complied with all the requirements of regulatory authorities and no penalties or strictures were imposed on the Company by stock exchanges or SEBI or any other

statutory authority on any matter related to the capital market during the last three years.

Since the company is short of Independent Directors, during the year, NSE and BSE had imposed a total penalty of ₹ 3,650,000 (excluding GST) on the Company and the same had been paid.

(d) Vigil Mechanism

The Company has formulated a Vigil Mechanism for all the employees of the Company, its subsidiaries and all external stakeholders to report genuine concerns. The Vigil Mechanism provides adequate safeguards against victimisation of any person who avails the mechanism and also provides for direct access to the Chairperson of the Audit & Risk Management Committee. The designated email id for lodging the complaints under Vigil Mechanism or Whistle Blower is hzl.whistleblower@vedanta.co.in and has also provided a dedicated phone number. The same is also available on the website of the Company.

(e) Loans and Advances

The Company has not given any loans and advances to firms/company in which Directors are interested.

(f) Code of Conduct to regulate, monitor and report trading by Designated Persons

In accordance with the SEBI Insider Trading Regulations, the Company has a Code of Conduct to regulate, monitor and report trading by Designated Person ("Code for Prevention of Insider Trading") and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Code of Fair Disclosure").

Further, the Company has established systems and procedures to prohibit insider trading activity. All compliances relating to the Code of Conduct for Prevention of Insider Trading are being managed through a web-based portal developed by the Company. The Company periodically circulates the informative emails on Prevention of Insider Trading, Do's and Don'ts, etc., to the employees to familiarise them with the provisions of the Code for Prevention of Insider Trading and educate and sensitise them on various aspects of Code for Prevention of Insider Trading. These activities have created substantial awareness amongst the Designated Persons.

During the year under review, the Audit & Risk Management Committee has reviewed the compliance with the provisions of the SEBI Insider Trading Regulations and has verified that the systems for internal controls are adequate

and operating effectively. Any violation under the provisions of this Code is liable for penal/disciplinary/remedial action as may be considered appropriate by the 'Insider Trading Monitoring Committee (ITMC)' as per the sanction framework decided and approved by the ITMC. All breaches of this Code with actions taken are reported to the Audit & Risk Management Committee & Board of Directors of the Company on a quarterly basis.

The said non-compliances are promptly intimated to the Stock Exchanges in the prescribed format and the penalty, if any, is being directly deposited by the Designated Person with SEBI's Investor Protection and Education Fund. The Board has also formulated a Policy for the determination of 'legitimate purposes' as a part of the Code of Fair Disclosure as per the requirements of the SEBI Insider Trading Regulations.

The Code for Prevention of Insider Trading and Code of Fair Disclosure has been uploaded on the Company's website at <https://www.hzlindia.com/wp-content/uploads/insider-policy-R7-SEPT-V7.pdf>

(g) Credit rating

Hindustan Zinc is rated by 2 agencies – namely CRISIL Long Term - AAA/Stable, Short Term - A1+; and by India Ratings Short Term - A1+

(h) During the year, the Company has not raised any funds through preferential allotment or qualified institutions placement as specified under regulation 32(7A) of SEBI (LODR)

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

S. No.	Commodity Name	Exposure in ₹ towards the particular commodity (In absolute)	In units	Exposure in quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
					Domestic market		International market		Total
					OTC	Exchange	OTC	Exchange	
1	Zinc	180,654,864,367	MT	817,438.14	0%	0%	49%	0%	49%
2	Silver	53,310,905,980	MT	745.83	0%	0%	42%	0%	42%
3	Lead	40,756,671,884	MT	216,046.84	0%	0%	73%	0%	73%

Notes:

The term 'exposure' shall mean gross exposure of the listed entity including exposure both on the asset and liability side.

If the listed entity has exposure in non-rupee terms, the Indian rupee equivalent after conversion shall be used for the aforesaid disclosures.

(i) Fees paid to Statutory Auditors

Total fees for all services paid by the Company on a consolidated basis to S R Batliboi & Co. LLP (statutory auditors of the Company) and to entities of the network of which the statutory auditor is a part for the year ended March 31, 2024 is as follows:

Particulars	Amount (₹)
Statutory Audit for March 2024 FS	10,330,600
Limited Review Report for Q1 to Q3	4,682,800
Audit of UK Reporting Package September 2023	1,119,800
Audit of UK Reporting Package March 2024	1,790,800
Consolidation Audit Fees	660,000
Other fee-Certificate	1,210,000
Out of Pocket expense	2,500,000
Total	22,294,000

(j) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

Fluctuation in Commodity prices

Impact: Prices of the Company's finished goods are linked to international benchmarks, i.e., LME (for zinc and lead) and LBMA (for silver) and are strongly influenced by global economic conditions and global demand & supply for the products. Volatility in commodity prices and demand may adversely affect our earnings, cash flow and reserves.