

Hindustan Zinc's bid for Vedanta's assets lapses

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HINDUSTAN ZINC'S PROPOSAL to buy certain zinc assets from Vedanta Group for \$2.98 billion in cash has lapsed as the miner did not get shareholders' approval within the stipulated time limit, said two government sources.

The deal was announced in mid-January, after which Hindustan Zinc had three months to call an extraordinary general meeting to seek approval from its minority shareholders, according to Indian rules for listed companies.

"The issue is dead because three months have lapsed," said the first government official.

In March, Hindustan Zinc declared a final dividend of ₹11,000 crore, tying up its cash reserves through which it was planning to fund the acquisition, the source noted. Its consolidated gross investments and cash and cash equivalents of ₹16,482 crore as of December 31. The sources asked to be anonymous as they are not authorised to speak to the media.

The Indian government is the largest minority shareholder in Hindustan Zinc with a 29.54% stake, while Vedanta owns 64.9%.

The government had opposed Hindustan Zinc's deal to buy two Vedanta Group entities, saying it was a "related-party transaction" and underscored its opposition to the deal being funded through cash reserves. The shares have tumbled since the deal was announced, which has jeopardised the Centre's plan to sell part of its stake.