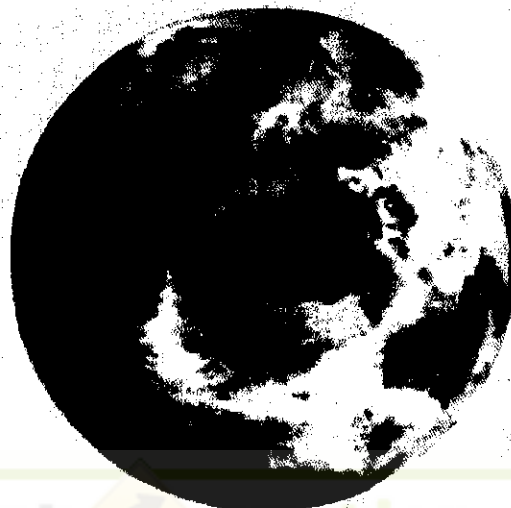


ANNUAL REPORT 1999-2000

HINDUSTAN ZINC LIMITED



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Contents

Notice	1
Board of Directors	3
Directors' Report	5
Review of Accounts by C & AG	11
Corporate Information	14
Auditors' Report	17
Comments of C & AG under Section 619(4) of the Companies Act, 1956	21
Balance Sheet	22
Profit & Loss Account	23
Schedules	24
Cash Flow Statement	45



HINDUSTAN ZINC LIMITED

(A Govt. of India Enterprise)

Registered Office - Yashad Bhawan, UDAIPUR - 313004

NOTICE

Notice is hereby given that the 34th Annual General Meeting of the Members of the Company will be held on Saturday, the 23rd September, 2000 at 4.00 P.M. at **Yashad Bhawan, Udaipur** to transact the following business :

ORDINARY BUSINESS

- (1) To receive, consider, approve and adopt the audited accounts for the year ended as on 31st March, 2000 along with Directors' Report, Auditors' Report and C&AG comments.
- (2) To approve dividend for the year 1999-2000.
- (3) To appoint a Director in place of **Shri B. N. Mittal**, Director (Smelting Operations) who retires by rotation, and being eligible has offered himself for re-appointment on the existing terms and conditions approved by the President of India.
- (4) To appoint a Director in place of **Shri K.V.K. Seshavataram**, Chairman - Managing Director who retires by rotation, and being eligible has offered himself for re-appointment on the existing terms and conditions approved by the President of India.
- (5) To appoint a Director in place of **Shri N.S. Ramachandran**, Director (Finance) who retires by rotation, and being eligible has offered himself for re-appointment on the existing terms and conditions approved by the President of India.

SPECIAL BUSINESS

1. Appointment of Director

Government of India, Ministry of Mines & Minerals, appointed **Dr. Sutanu Behuria** as a Director on the Board of HZL.

To consider and if thought fit, to pass the following resolution as ordinary resolution with or without modification(s) :

- (1) "RESOLVED that appointment of Dr. Sutanu Behuria, Joint Secretary & Financial Advisor, Ministry of Mines & Minerals, Government of India, as a Director of HZL w.e.f. 9th May, 2000 in terms of Ministry of Mines & Minerals, letter No. 5(6)/99-Met. II dated 9th May, 2000 be and is hereby approved."

By Order of the Board

(C.Sankaran)
Company Secretary

Place : Udaipur
Date : 25th August, 2000.



NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company (A copy of the proxy form is attached).
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
3. The Register of Members and Share Transfer Books shall be available for inspection by members.
4. Members are requested to notify any change in their address at the registered office of the Company immediately.
5. The relative explanatory statement as required under section 173 (2) of the Companies Act, 1956 is annexed hereto.
6. The Register of Members and Share Transfer Books of the Company will remain closed between 16.08.2000 to 31.08.2000 (both days inclusive).
7. Those members attending the Annual General Meeting are requested to bring their Annual Reports as copies of the Annual Report will not be distributed on the venue.
8. Shareholders who are yet to encash their Dividend Warrants for the year 1998-99 are requested to submit the warrants for necessary action.

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ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Special Business - Item No. 1

Appointment of Director

Based on approval granted by the President of India, Ministry of Mines & Minerals, Department of Mines informed about the appointment of Director as per details given below :

Name of Director	Date of appointment	Ministry of Mines & Minerals reference
Dr. Sutanu Behuria Jt. Secretary & Financial Advisor Ministry of Mines & Minerals Government of India, New Delhi	9 th May, 2000	5(6)/99 - Met. II dt. 9 th May, 2000.

Wholly owned Government Companies were exempted from the applicability of provisions of Sections 255, 256 and 257 of the Companies Act, 1956. With the disinvestment of shares in May, 1992, the provisions of Section 255, 256 and 257 of the Companies Act, 1956 providing for appointment/retirement of Directors, have become applicable. The Ministry of Industry, Department of Public Enterprises vide its O.M. No. DPE/12(4)/91-Fin. dated 7th September, 1992 advised disinvested Public Sector Enterprises to comply with the aforesaid provisions of the Companies Act. Accordingly, the appointment of aforesaid Director requires approval of shareholders at the General Meeting. Hence the proposed resolution.

None of the Directors except Dr. Sutanu Behuria, to the extent of his appointment is interested in the proposed resolution.



BOARD OF DIRECTORS

Shri K.V.K. Seshavataram	: Chairman-Managing Director
Shri B.K.P. Sinha	: Director (Mining Operations)
Shri N.S. Ramachandran	: Director (Finance)
Shri B.N. Mittal	: Director (Smelting Operations)
Shri A.H. Jung	: Director (upto 9 th May, 2000)
Shri P.K. Mohanty	: Director
Dr. Sutanu Behuria	: Director (w.e.f. 9 th May, 2000)
Shri Rajeev Sharma	: Director
Shri A.N. Misra	: Director
Dr. Vinayshil Gautam	: Director
Dr. Saibal Kanti Gupta	: Director

COMPANY SECRETARY

Shri C. Sankaran

BANKERS

Lead Bank

State Bank of Bikaner & Jaipur

REGISTERED OFFICE

Yashad Bhawan,
Udaipur - 313 004

CONSORTIUM BANKS

State Bank of India
Bank of Baroda
UCo Bank
Indian Bank
Indian Overseas Bank

AUDITORS

M/s. P.S.D. & Associates,
Chartered Accountants,
J-45, Krishna Marg, "C" Scheme,
JAIPUR - 302 001

M/s. Ghiya & Co.,
Chartered Accountants,
Bhukmaria Bhawan, GR Ka Rasta,
Chandpole Bazar, JAIPUR- 302 001

M/s. Brahmayya & Co.,
Chartered Accountants,
10-50-24, Siripuram,
VISAKHAPATNAM - 530 003



SENIOR EXECUTIVES

Shri S. N. Prasad	: Executive Director (Pers. & Admn.)
Shri Vakil Singh	: Executive Director (Smelter Projects)
Shri Pranay Sahay	: Executive Director (Vig.) & Chief Vigilance Officer
Shri A.K. Agrawal	: Addl. Executive Director (CRDL)
Shri M.R. Jakhu	: Addl. Executive Director (Projects)
Shri Santosh Kumar	: Addl. Executive Director (Marketing)
Shri J.K. Mahamwal	: Addl. Executive Director (RP&D)
Shri V.P. Uppal	: Addl. Executive Director (Mining Operations)
Shri V. Satyamurthy	: Addl. Executive Director (Finance)
Shri P.L. Porwal	: General Manager (Management Accounts)
Shri P.P. Kala	: General Manager (Geology)
Shri M.R. Chulet	: General Manager (Infrastructure & Services)
Shri M.M. Mantri	: General Manager (Audit & Accounts)
Shri B.L. Agrawal	: General Manager (Nickel TPP)
Shri A.B. Srivastava	: General Manager (Smelting Operations)
Shri B.K. Terapanthi	: General Manager (Pers. & Admn.)
Shri A.K. Bajpai	: General Manager (Mine Planning)
Shri P.L. Jain	: General Manager (Engg. Services)
Shri R.L. Tayalia	: General Manager (Management Services)
Shri S.V.B. Subba Rao	: Dy. General Manager (Smelter Projects)
Shri N.S. Mehta	: Dy. General Manager (M.P.)
Shri S. Chaudhary	: Dy. General Manager (Pers. & Admn.)
Shri Y. N. Singh	: Officer on Special Duty
Shri A.K. Sanghi	: Dy. General Manager (Matls. & Contracts)
Shri V.R. Pandor	: Dy. General Manager (Projects)
Shri R.K. Gaur	: Dy. General Manager (Ore Dressing)
Shri V.P. Kohad	: Dy. General Manager (Ore Dressing)
Shri M.C. Gupta	: Dy. General Manager (Maint.)
Shri V.K. Bordia	: Dy. General Manager (Mines)
Shri S.L. Dharmawat	: Dy. General Manager (Safety)
Shri M.M. Patidar	: Dy. General Manager (Finance)
Shri A.E. George	: Dy. General Manager (Mktg.)
Shri K.C. Jain	: Dy. General Manager (MP)
Shri D.S. Sharma	: Dy. General Manager (MIS)

MINING UNITS

Shri S.S. Rathore	: General Manager, Zawar Mines, Udaipur
Shri A.K. Sinha	: General Manager, Rampura-Agucha Mines
Shri K.S. Chaudhary	: General Manager, Rajpura-Dariba Mines
Shri B.L. Jain	: Dy. General Manager, Maton Mine
Shri D.S. Bhandari	: Dy. General Manager, Sargipalli Mine
Shri R.K.S. Chilka	: Superintendent of Mines, Agnigundala Mine

SMELTING UNITS

Shri S.R. Swarnkar	: General Manager, Vizag Lead-Zinc Smelter
Shri C.D. Gupta	: General Manager, Chanderiya Lead-Zinc Smelter
Shri S.C. Patnaik	: Dy. General Manager, Zinc Smelter Debari
Shri D.R. Singh	: Dy. General Manager, Lead Smelter, Tundoo



DIRECTORS' REPORT

Members,

Your Directors take great pleasure in presenting the company's 34th Annual Report together with Audited Accounts and Auditors' Report thereon for the financial year ended 31st March, 2000.

OPERATIONS

The year 1999-2000 was another year of improved performance :

(Figures in tonnes)

Product	1999-2000	1998-99
Lead-Zinc Ore	27,40,612	26,44,883
Lead-Zinc Concentrate	4,22,127	4,12,617
Zinc	1,45,796	1,41,806
Lead	35,120	39,010
Cadmium	230	231
Silver (in Kg)	46,473	44,079
Sulphuric Acid	2,65,126	2,70,246

The highlight of the year under report was the record level of Lead-Zinc Concentrate production from captive mines of the company. The Rampura-Agucha Mine established new production records, operating over its installed capacity.

During the year record Zinc metal production was achieved. Two of its Electrolytic Zinc Smelters, viz. Debari and Vizag continued to operate over their annual rated capacities. The Chanderiya Smelter achieved 85% capacity utilization for Zinc metal production, which is higher than previous year's (80%) and also highest since inception. Lead metal production at Chanderiya and Tundoo Smelters was 6% higher than the last year. Your Board has approved the closure of

Vizag Lead Plant which has been retired from operation.

MARKETING

Zinc metal sale during the year 1999-2000 surpassed all earlier records, despite increased competition from the off-shore suppliers. Lead metal sale also registered an 11% growth over the previous year. This performance was accomplished by well planned and executed marketing strategy.

Your company exported 30,062 tonnes Zinc Concentrate, valuing 8.99 million US Dollars equivalent to Rs. 38.81 crores during the year under report.

FINANCIAL

Your company achieved a record sales turnover of Rs. 1515.60 crores registering an increase of about 16% over the last year. The company earned a pre-tax net profit of Rs. 182.17 crore, showing a rise of 20.5% over the preceeding year.

(Rs. in Crore)

Particulars	1999-2000	1998-99
Sales Turnover	1515.60	1309.27
Gross Profit (PBID)	261.55	225.65
Interest	10.46	15.24
Depreciation / Amortization	68.92	59.26
Net Profit Before Tax	182.17	151.15

Your Directors were pleased to recommend an interim-cum-final dividend of Rs. 25.80 crore (including Tax) for the financial year 1999-2000, compared to Rs. 19.75 crore for the financial year 1998-99. The total amount was already disbursed.

The liability on account of second

and last trench of Rs. 80 crore Bonds was redeemed in September, 1999 on the due date without any borrowings, making your company a "Zero debt" company.

Your company had provided an amount of Rs. 65 crore to General Reserve.

The deposits under the Public Deposit Scheme of the company as on 31st March, 2000 stood at Rs. 7.01 crore, compared to Rs. 5.40 crores as on 31st March, 1999.

FOREIGN EXCHANGE OUTGO / EARNINGS

The Foreign Exchange Outgo on technical know-how, basic engineering, raw-materials, stores and spares, capital goods, travelling expenses etc. during the year was Rs. 41.72 crores. Your company earned foreign exchange of 8.99 million US Dollars, equivalent to Rs. 38.81 crore through the export of zinc concentrate.

ACCOMPLISHMENT

Accorded "Mini Ratna" status in October, 1999.

"Excellent" performance rating under MoU for the year 1999-2000.

Awarded Gold Medal to Zawar Group of mines for outstanding "Productivity" for the year 1998-99 by Indian Institute of Industrial Engineering.

PROJECTS

(a) Sindesar Khurd Lead-Zinc Prospect

The Sindesar Khurd Lead-Zinc prospect in Rajsamand District, Rajasthan is being developed as a replacement mine of



Rajpura-Dariba with a capacity to produce 1000 tpd ore, at an estimated cost of Rs. 92 crores. The contract for pre-production development and excavation of ramp have since been awarded.

(b) Kayar Lead-Zinc Prospect

Your company had obtained mining lease for 4.87 sq.km. area for the Kayar Lead-Zinc prospect in Ajmer district, Rajasthan. The scheme has been formulated to undertake detailed exploration involving about 16800 m of drilling, metallurgical test work, ground water survey etc. The drilling is in progress since June, 1999. So far 2963 metres of drilling has been completed and the preliminary reports of ore zone intersections are encouraging. The drilling operations are expected to be completed during the year 2001-2002.

(c) Zinc Smelters Expansion

The expansion of Vizag and Debari Zinc Smelters are in progress. These projects are likely to be mechanically completed during the quarter January-March, 2001.

(d) New Zinc Smelter

The investment proposal of Rs. 1132.34 crore for 100,000 tonnes per annum Greenfield Zinc Smelter has been submitted to the Government of India for PIB and CCEA approval. The project is expected to be completed within 48 months from the date of Government approval. The final comprehensive EIA/EMP report has been received from the consultant.

The application with MoEF has been filed for environment clearance of the project.

(e) Nickel Technology Proving Plant

The Nickel Technology Proving Plant for recovery of Nickel from low grade lateritic chromite overburden dumps at the Sukinda Valley in Orissa State was mechanically completed in September, 1999. The plant is in operation to firm up the operating parameters.

EXPLORATION AND R&D

(a) GRASS ROOT EXPLORATION

A scheme was drawn for the grass root exploration of lead-zinc and associated minerals in the Ajmer region, Rajasthan. Out of 2344.37 sq.km. prospecting license area, 1835 sq.km. area was considered geologically prospective for airborne survey. 1458 sq.km. area was subjected to airborne geophysical survey employing Geotem Technology covering 3900 line km. Helicopter-borne survey is planned for the remaining area for which permission from DGCA is awaited.

(b) JAGPURA GOLD PROSPECT

In Jagpura Prospect, district Banswara, Rajasthan, detailed exploration for gold is in progress since January, 1995. A detailed exploration envisaging 5000 meters of drilling was initiated for delineation of gold resources and gold content alongwith mineralogical and metallurgical characterisation. Currently,

exploration efforts are being concentrated in I&J targets in SE and SW blocks.

(c) RESEARCH & DEVELOPMENT

Your company attaches great importance to continuous upgradation of technology to reduce cost of production, improve productivity & product quality and recovery of metal values from wastes and residues through its Research and Development Centre. Your company also continues to undertake R&D projects in collaboration with other National and Overseas R&D Institutes of repute.

Some of the major R&D activities in progress are :

Simultaneous production of copper sulphate solution and cobalt metal from wastes/residues generated in zinc smelters; studies on improvement in cobalt metal recovery by creating additional facilities in the solvent extraction plant under TIFAC scheme; and amenability studies on gold ore for metal winning.

Another significant R&D activity of your company in progress is the establishment of pilot plant facilities for developing process flow sheet to recover cobalt, nickel and copper from ocean bed manganese nodules in collaboration with Department of Ocean Development, Government of India and Regional Research Laboratory, Bhubaneswar. The pilot plant is expected to be completed by May, 2001.



TECHNOLOGY ABSORPTION

Information in respect of technology absorption under Research & Development as per Section 217-(1)-(e) of the Companies Act, 1956 duly filled in the prescribed format is annexed.

ENVIRONMENT MANAGEMENT

The various pollution control measures are operating effectively maintaining ambient air quality and effluent discharge at your company's smelters, mines and townships as per the norms.

In line with Company's Environment Policy, your company is constructing an improved facility for storage of Jarosite waste at Debari Smelter at a cost of Rs. 12 crore, which would be first of its kind in the country. The project is expected to be completed during the quarter January - March 2001.

In order to improve environment and reduction of dust emissions in sinter plant at Tundoo Lead Smelter, your company is installing bag filter system, which is expected to be completed by December, 2000.

In view of acute shortage of water at certain units, your company had taken a number of initiatives aimed at conserving water in all its operations by better water management.

ENERGY CONSERVATION

Various energy conservation measures taken up by your company during the reporting year have helped to gain overall saving in energy to the tune of Rs. 99.54 lakhs.

The following measures were taken with a view to conserve energy in different operations of the company :

- Load & Energy Management.
- Measurement & Monitoring the consumption of various forms of energy.
- Energy audit and survey.
- Plugging of losses in energy usage.
- Sizing of equipment.
- Optimization of system power factor.
- Process improvement/modification.
- Use of energy efficient system and equipment.

OFFICIAL LANGUAGE POLICY OF THE COMPANY

Various measures had been taken by your company for implementing and propagating official language policy. All the units remained quite active and committed for 100% compliance of Rajbhasha Act.

PERSPECTIVE PLAN

Your company selected Andersen Consulting, a world's largest consulting organization to undertake benchmarking exercise in its existing operations and also as a facilitator to prepare Perspective Plan for the next 20 years. This has been undertaken to improve existing operations, and prepare a long term perspective plan to enable your company to retain its competitive edge and enhance shareholder's value.

HUMAN RESOURCES

Your company is making continuous efforts to improve employees competence, moral and effectiveness, which are essential for organizational achievements. In the present liberalized economic scenario, such efforts are critical not only

for survival but also to sustain and growth of organization. Keeping this into consideration, your company had formulated a plan to fulfill the present and future organizational requirements of human resources.

The manpower employed at the end of the reporting year was 11496 as against 11851 during the last year. Out of the total employees on roll, 1816 belonged to SC, 1502 to ST, 178 to Ex-Servicemen and 63 to handicapped categories.

INDUSTRIAL RELATIONS

The company's track record of cordial industrial relation was maintained during the year under report.

SOCIAL OBLIGATIONS

Your company has been playing an important role in undertaking various social welfare activities. During the year under report, your company had contributed for the common good of people both for Regional and National cause. The significant contribution made by the company are as follows :

- Contribution of Rs. 50 lakhs in favour of "National Defence Fund" as the company's humble expression of gratitude to our valiant Armed Forces. Employees also contributed one day's salary, amounting to Rs. 30 lakhs in support of the Armed Forces.
- An amount of Rs. 75 lakhs was contributed towards "Prime Minister's Relief Fund" for Orissa super cyclone which caused sufferings to large population.
- As a relief measure to the drought in Rajasthan, approximately a sum of



Rs. 65 lakhs was spent on fodder and drinking water.

VIGILANCE

Your company continued its vigilance activities through strategies such as encompassing surveillance on corruption prone areas, adopting prevention method by streamlining rules and procedures and taking deterrent action wherever necessary.

PARTICULARS OF EMPLOYEES

The information in accordance with the provisions of Section 217(2-A) of the Companies Act, 1956 read with the company's (Particulars of Employees) Rules, 1975, as amended from time to time, is "NIL" for the year under report.

AUDITORS

Pursuant to Section 619 (2) of the Companies Act, 1956 the Government of India appointed M/s. P.S.D. & Associates, Chartered

Accountants, Jaipur as Statutory Auditors, M/s. Ghiya & Co., Chartered Accountants, Jaipur and M/s. Brahmayya & Co. Chartered Accountants, Visakhapatnam as Branch Auditors to audit your company's accounts for the financial year 1999-2000.

Management's views on the comments of the Auditors contained in their report are enclosed.

REVIEW OF ACCOUNTS

Review of accounts of your company by the Comptroller & Auditor General of India is annexed.

DIRECTORS

After the conclusion of the last Annual General Meeting, Dr. Sutanu Behuria, Joint Secretary & Financial Advisor, Ministry of Mines & Minerals, Government of India has been appointed as Director w.e.f. 9th May, 2000 in place of Shri A.H. Jung, the then

Additional Secretary & Financial Adviser, Ministry of Steel & Mines, Government of India.

ACKNOWLEDGEMENT

The Board of Directors place on record their sincere appreciation of the support and co-operation extended by the employees at all levels in improving the performance of your company and various employees' unions for help and co-operation. Your Directors also thank the Ministry of Mines and other agencies of Government of India, State Government of Rajasthan, Andhra Pradesh, Bihar, Orissa, Bankers, State Electricity Boards, Auditors and suppliers for their continued support, help and guidance. The Directors also specially acknowledge the continued patronage and support given by the valued and esteemed customers which has spurred the company to serve them better in future.

For and on behalf of the Board

(K.V.K. Seshavataram)
Chairman-Managing Director

Place : New Delhi
Date : 25th July, 2000