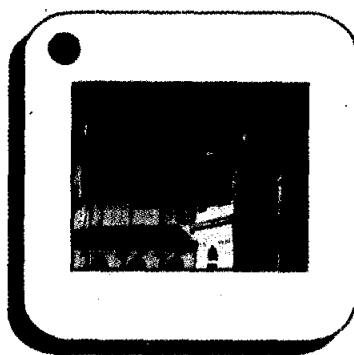
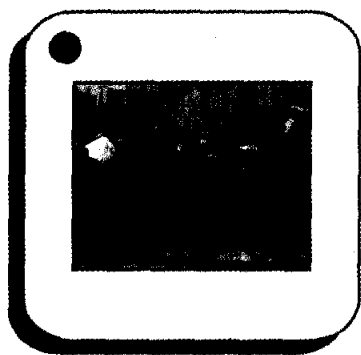
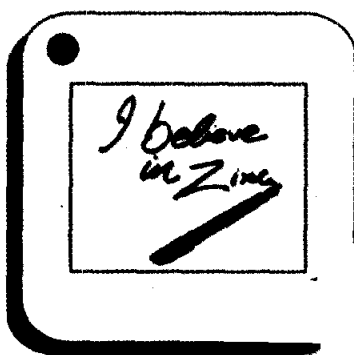


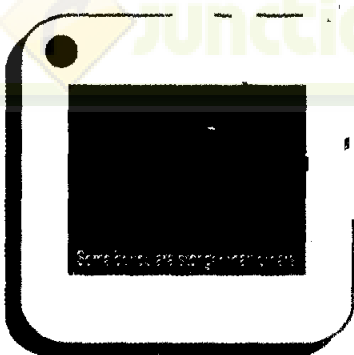
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ANNUAL REPORT 2000-2001



HINDUSTAN ZINC LIMITED

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HINDUSTAN ZINC LIMITED

(A Govt. of India Enterprise)

Registered Office - Yashad Bhawan, UDAIPUR - 313004

NOTICE

Notice is hereby given that the 35th Annual General Meeting of the Members of the Company will be held on Saturday, the 21st July, 2001 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, 2001 alongwith Directors' Report, Auditors' Report and C&AG comments.
- (2) To approve dividend for the year 2000-2001.
- (3) To appoint a Director in place of **Shri A. N. Misra**, 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.
- (4) To appoint a Director in place of **Dr. Vinayshil Gautam**, 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 **Dr. Saibal Kanti Gupta**, 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.

SPECIAL BUSINESS

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

- (1) "RESOLVED that appointment of Shri S. P. Gupta, Joint Secretary, Ministry of Mines, Government of India, as a Director of HZL w.e.f. 31st October, 2000 in terms of Ministry of Mines, letter No. 5(8)/99-Met.II dated 31st October, 2000 be and is hereby approved."
- (2) To appoint M/s. Parakh & Co., Chartered Accountants, Jaipur as Statutory Auditors of the Company for the conduct of audit for the year 2000-2001 vide order No. 932/CAV/COY/CENTRAL GOVT. COMP. HZL(3) dated 5th February, 2001 and to pass with or without modification the following resolution as Ordinary Resolution :

"RESOLVED that M/s. Parakh & Co., Chartered Accountants, Jaipur be and are hereby appointed as Statutory Auditors of the Company for the conduct of audit for the year 2000-2001 in terms of the Order No. 932/CA V/COY/CENTRAL GOVT. COMP. HZL(3) dated 5th February, 2001."

By Order of the Board

(C.Sankaran)

Company Secretary

Place : Udaipur

Date : 21st June, 2001.

**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 13th July to 20th July 2001 (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 1999-2000 are requested to submit the warrants for necessary action for revalidation.

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 informed about the appointment of Director as per details given below :

Name of Director	Date of appointment	Ministry of Mines reference
Shri S. P. Gupta, Joint Secretary, Government of India, New Delhi	31 st October, 2000	5(8)/99 - Met. II dt. 31 st October, 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 Shri S. P. Gupta, to the extent of his appointment is interested in the proposed resolution.

SPECIAL BUSINESS - ITEM NO. 2

As per the amended section 619(2) of the Companies (Amendment) Act, 2000, the Auditors of a Govt. Company shall be appointed or re-appointed by the Comptroller & Auditor General of India. The C & AG accordingly, appointed M/s. Parakh & Co., Chartered Accountants, Jaipur as Statutory Auditors under Section



619(2) of the Companies Act, 1956 for the conduct of the Audit of the Accounts of the Company for the year 2000-2001 vide order No. 932/CA V/COY/CENTRAL GOVT. COMP. HZL(3) dated 5th February, 2001. The terms & conditions of the appointment of auditors are as follows :- (Annexure I & II of the order).

The Companies (Amendment) Act, 2000 has also brought a new proviso under Section 224(8) as follows :-

The remuneration of the Auditors of a Company -

- (aa) in the case of the auditor appointed under section 619 by the Comptroller and Auditor General of India, shall be fixed by the Company in General Meeting or in such manner as the company in General Meeting may determine.

Accordingly, the appointment of Auditors require approval of shareholders at General Meeting. Hence the Board resolution.

None of the Directors is interested in the proposed resolution.

Annexure for Special Business - Item No. 2

ANNEXURE - I

1. The Company may please send list of Directors of the Company and the names and addresses of the previous auditors to this Office immediately on receipt of this letter.
2. The Auditors may please intimate their acceptance as auditors of the Company within 3 weeks of receipt of this appointment letter (i) to the Company (ii) to this Office (iii) to the concerned MAB/CAG entrusted with the Supplementary Audit of the Company. If, for any reason the Auditors are not in a position to accept the appointment, they may intimate all the above mentioned offices immediately along with the reasons for their decision.
3. The appointment/re-appointment of auditors is subject to the Auditors making the following declarations :
 - (i) that no partner of the firms of the Auditors is related to the Managing Director/Whole-time Director or a part-time Director of the Company within the meaning of Section 6 of the Companies Act, 1956 read with schedule 1A ibid.
 - (ii) that the appointment/re-appointment will be within the limit specified in sub-section (1B) and (1C) of Section 224 of the Companies Act, 1956.
4. The Company should comply with the requirements of Section 215 (3) of the Act promptly. As per Section 227 (1) of the Act, the books of accounts and vouchers may also be made available to the Auditors. A suitable program of audit be drawn up so as to complete the audit early.
5. The Auditors may start the audit of the Company immediately on receipt of the accounts of the Company. However, they should certify the accounts for the year only after the Company has adopted the accounts for the previous year. They are requested to complete the audit within 3 months from the date of acceptance of their appointment or the close of the financial year, whichever is later.
6. The Auditor shall have to comply with the directions issued by this office under Section 619 (3) of the Companies Act, 1956. The remuneration is inclusive of the fee on account of the additional work involved in this regard.
7. The Auditors shall also certify the statutory report under Section 165 of the Companies Act, 1956 and no extra remuneration is payable on this account.
8. The remuneration payable to the Auditors fixed by the Company in accordance with the amended provisions of Section 224 (8) of the Companies Act, 1956 may be intimated immediately to this office and to the auditors. In the absence of such a communication from the Company, the existing rate of remuneration would be incorporated in our records for the subsequent years also by this office.



9. The Company should confirm past audit details including audit fees. The changes in details including the fees in the future may kindly be intimated to this office from time to time. Any other remuneration like TA/DA, Tax/Management Consultancy fee paid to the Statutory/Branch Auditors in addition to the audit fees in the last three years and in future may also be intimated. Proposals for re-organisation of units in the future may kindly be sent well before the beginning of the financial year the accounts of which are to be audited.
10. To reduce the arrears, in case of Companies whose accounts are in arrears, and to avoid delays in appointing auditors for the past few accounting years in arrears, the Company may initiate action for appointment of auditors for the subsequent years soon after the completion of audit of the preceding years. A copy of such certified accounts may be made available direct to the Principal Director (Commercial) in this Office. If the process is repeated in succession, the Company can hold a series of meetings of the shareholders and present the accounts. It can thus clear the accounts for 3-4 years within a period of one year.
11. The Company may please intimate to this office :
 - (i) the date of commencement of audit; and
 - (ii) the date on which the provisions of section 619 (5) of the Companies Act, 1956 were complied with.

The Company/Auditors will have to comply with the other provisions of the Companies Act, 1956 also as may be required which are not specifically covered above.

ANNEXURE - II

List of Chartered Accountants Firms for the year(s) 2000-2001

FIRM NAME	CO. CODE	UNIT CODE	STATION	AUDIT DETAILS	FEES (in Rs.)
STATUTORY AUDITORS					
M/s. Parakh & Company Chartered Accountants J-45, Krishna Marg, "C" - Scheme, Jaipur - 302 001	HZL	ST AR	UDAIPUR	Head Office, Udaipur, Central Marketing Office, Delhi, CRDL, Zinc Smelter, Debari, Zawar Mines, Chanderiya Lead-Zinc Smelter and consolidation of accounts	1,80,000



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 P.K. Mohanty	: Director (upto 8th Sept., 2000)
Dr. Sutanu Behuria	: Director
Shri S. P. Gupta	: Director (w.e.f. 31st Oct., 2000)
Shri Rajeev Sharma	: Director (upto 3rd Feb., 2001)
Shri A. N. Misra	: Director
Dr. Vinayshil Gautam	: Director
Dr. Saibal Kanti Gupta	: Director

BOARD AUDIT COMMITTEE

Dr. Sutanu Behuria	: Chairman
Dr. Saibal Kanti Gupta	: Member
Shri A. N. Misra	: Member
Shri N. S. Ramachandran	: Member

COMPANY SECRETARY

Shri C. Sankaran

BANKERS

State Bank of Bikaner & Jaipur
State Bank of India
Bank of Baroda

REGISTERED OFFICE

Yashad Bhawan,
Udaipur - 313 004

UCo Bank
Indian Bank
Indian Overseas Bank

AUDITORS

M/s. PARAKH & COMPANY

Chartered Accountants,
J-45, Krishna Marg, "C" Scheme,
JAIPUR - 302 001

M/s. GHIYA & COMPANY

Chartered Accountants,
Bhukmaria Bhawan, GR Ka Rasta,
Chandpole Bazar, JAIPUR- 302 001

M/s. BRAHMAYYA & COMPANY

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 J.K. Mahamwal	: Addl. Executive Director (Planning & Development)
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 K. S. Choudhary	: General Manager (Mining Operations)
Shri M.M. Mantri	: General Manager (Audit & Accounts)
Shri S. R. Swarnkar	: General Manager (Smelter Projects)
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 A.K. Sanghi	: General Manager (Mats. & Contracts)
Shri A.E. George	: General Manager (Mktg.)
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 (CRDL)
Shri S. Chaudhary	: Dy. General Manager (Pers. & Admn.)
Shri Y. N. Singh	: Officer on Special Duty
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 S.L. Dharmawat	: Dy. General Manager (Safety)
Shri M.M. Patidar	: Dy. General Manager (Finance)
Shri D.S. Sharma	: Dy. General Manager (MIS)
Shri K. C. Jain	: Dy. General Manager (MP)

MINING UNITS

Shri S.S. Rathore	: General Manager, Zawar Mines, Udaipur
Shri B. L. Jain	: Dy. General Manager, Rampura-Agucha Mines
Shri N. S. Mehta	: Dy. General Manager, Rajpura-Dariba Mines
Shri V. K. Bordia	: 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. C. Patnaik	: Dy. General Manager, Zinc Smelter Debari
Shri C.D. Gupta	: General Manager, Chanderiya Lead-Zinc Smelter
Shri B. L. Agrawal	: General Manager, Lead-Zinc Smelter Vizag
Shri D.R. Singh	: Dy. General Manager, Lead Smelter, Tundoo



DIRECTORS' REPORT

Members,

Your Directors have pleasure in presenting the **35th Annual Report** of the Company together with Audited Accounts and Auditors' Report thereon for the financial year ended 31st March, 2001.

OPERATIONS

Your company's performance during the year 2000-2001 was rated as **"Excellent"** under MoU with Minsitry of Mines, Govt. of India.

The highlights of operational results during the year 2000-2001 are presented herewith :

(Figures in tonnes)

Product	2000-2001	1999-2000
Lead-Zinc Concentrate	4,20,065	4,22,127
Zinc Metal	1,48,092	1,45,796
Lead Metal	34,840	35,120

The financial year 2000-01 recorded Zinc production of 1,48,092 tonnes which was the highest ever since inception of the company. Debari Zinc Smelter was continued to be operated by augmenting water supply from outside sources. The production at Rajpura Dariba Mine continued to be affected adversely due to acute water shortage.

The highlight of the year under report was the completion of expansion at Debari and Vizag Zinc Smelters, increasing the total zinc production capacity of your company to 169,000 tonnes per annum from 1,52,000 tonnes.

MARKETING

Your Company recorded the highest ever sale of 1,43,621 tonnes of Zinc and 35,186 tonnes of Lead, despite stiff competition from the off shore suppliers.

The company exported 45,203 tonnes of Zinc Concentrate and 12,614 tonnes of Lead Concentrate during the year, earning a foreign exchange of about US \$ 12.72 million, equivalent to Rs. 58.97 crore.

FINANCIAL

Your company achieved a record sales turnover of Rs. 1613.05 crores registering an increase of about 6% over the last year. Your company posted a record pre-tax profit (PBT) of Rs. 282.22 crore, an increase of about 55% over the preceding year.

The financial results during the year under report as compared in the preceding year are given below :

(Rs. in Crore)

Particulars	2000-01	1999-2000
Sales Turnover	1613.05	1515.60
Gross Profit (PBID)	344.02	261.55
Interest	2.47	10.46
Depreciation / Amortization	59.33	68.92
Net Profit Before Tax	282.22	182.17

Your Directors are pleased to recommend dividend of Rs. 58.20 crore inclusive of corporate dividend tax (previous year Rs. 25.80 crore) i.e. 12.5% on equity. During the year a provision of Rs. 110.00 crore has been made to the General Reserve fund from the balance in Profit & Loss Account. The paid-up capital of your company stood at Rs. 422.53 crore at the close of the year (previous year Rs. 422.53 crore). The deposits under the Public Deposit Scheme of the Company as on 31st March, 2001 stood at Rs. 5.22 crore (previous year Rs. 7.01 crore).

During the year under report, the Company acquired shares of Andhra Pradesh Gas Power Corporation Limited (APGPCL) equivalent to 18.22 MW which facilitated Vizag Zinc Smelter to source low cost power for its operation. This will strengthen your company's ability to sharpen the competitive edge.

FOREIGN EXCHANGE OUTGO / EARNINGS

The Foreign Exchange outgo on technical know-how, basic engineering, stores and spares, capital goods, travelling expenses etc. during the year was Rs. 50.45 crore. Your company earned foreign exchange of 12.72 million US Dollars, equivalent to Rs. 58.97 crore through the export of zinc concentrate.

PROJECTS

(a) New Zinc Smelter

The approval of investment proposal for 100,000 MT/annum Green Field Zinc Smelter project at Kapasan, Distt. Chittorgarh (Rajasthan) was accorded by the Govt. of India. The Govt. of Rajasthan has allotted 190.34 hectares of Government and charagah land for the proposed project on cost basis. The balance requirement of land will be met through acquisition of private land, for which award is awaited. The implementation of the project will be taken up shortly after disinvestment.

(b) 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 successfully completed the campaigns in Feb., 2001 to firm up to operational parameters. The results were encouraging and the process was found technically viable and know-how package was prepared. The work to convert this into a business/investment proposition is under way.

(c) Di-ammonium Phosphate (DAP) Plant

Installation of 850 TPD DAP plant based on RSMML, Rockphosphate and Sulphuric Acid from HZL's New Zinc Smelter (including existing smelters at Debari and Chanderiya) has been planned as a joint-venture project of HZL, RSMML & RCF. M/s. PDIL have been appointed consultants for preparation of feasibility study report and offers invited for LSTK contract. The feasibility study report along with LSTK contractor's selection is likely to be completed during the current year 2001-2002.

(d) Sindesar Khurd Lead-Zinc Prospect

Sindesar Khurd Lead-Zinc Prospect is being developed as a replacement mine of Rajupra Dariba with a capacity to produce 1000 tpd ore. The pre-production mine development, excavation of ramp and ventilation winze are in progress.

EXPLORATION AND R&D

(a) JAGPURA GOLD PROSPECT

Detailed exploration for gold and associated minerals is in progress in Jagpura Gold

Prospect, Banswara, Rajasthan since January 1995. In view of limited potential of oxidised resource in NW Block; Target I&J within SE&SW block was taken up for exploration. During the year under report about 5171m drilling was carried out. Drilling to infill the exploration gaps in SE&SW blocks is in progress, followed by the prefeasibility study. The composite drill core sample was sent to M/s. Mintek, South Africa for metallurgical test work. The report on metallurgical testing indicated refractory nature of ore with 72% gold associated with sulphide minerals. The suggested extraction route envisages 80-82% gold recovery.

(b) KAYAR LEAD-ZINC PROSPECT, AJMER

For detailed exploration in Kayar a scheme for 16800m drilling was outlined. During the year about 5177 m drilling was completed with a cumulative of 7203 m for the prospect. The data reveals that the deposit has been profusely intruded by pegmatites giving rise to steeply dipping discrete rich ore shoots with limited spatial continuity. Infill drilling is in progress. In order to comprehend the complex geological behaviour and to understand the inter relationship amongst pegmatite, sulphide mineralization and host lithology and also to explore the possibility of additional ore lenses in depth, integrated geo-physical survey comprising and total Magnetism, TDEM, and DHEM has been taken up employing M/s. Fugro Ground Geophysics Ltd. (Australia).

(c) AJMER REGIONAL EXPLORATION

Your company was granted Prospecting License over 2344.37 sq.km. area in Ajmer for regional exploration of Zinc-Lead and associated minerals. The anomalies outlined by airborne survey over 1458 sq/km. prospective area were evaluated by state of the art integrated geological, geophysical and geochemical survey and 'Down the Hole' (DTH) / 'Reverse Circulation' (RC) / Core drilling. No economic mineralization has been intersected. However the Helicopterborne geophysical survey over 385 sq/km. area is planned in the current year.

RESEARCH & DEVELOPMENT

Your company attaches great importance to continuous upgradation of technology to reduce production cost and recovery of metal values from wastes and residues through its Research and Development activities as well as in collaboration with other national and overseas R&D Institutes of repute.

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

- The studies on extraction of Gold from Samples of Jagpura Gold Prospect are aimed at developing a suitable flow scheme by a combination of gravity separation, flotation, roasting and cyanide leaching to minimize treatment cost and achieve high recoveries. The initial results are encouraging and further work is in progress.
- For development of Bio leaching Technology for recovery of metals from Lean Ores and