

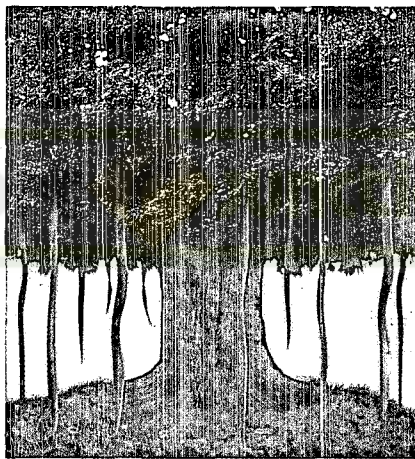


Hindustan Zinc Limited

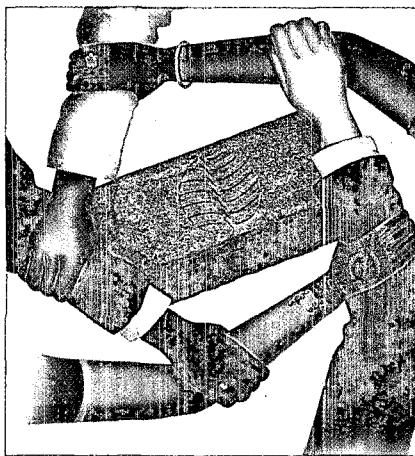


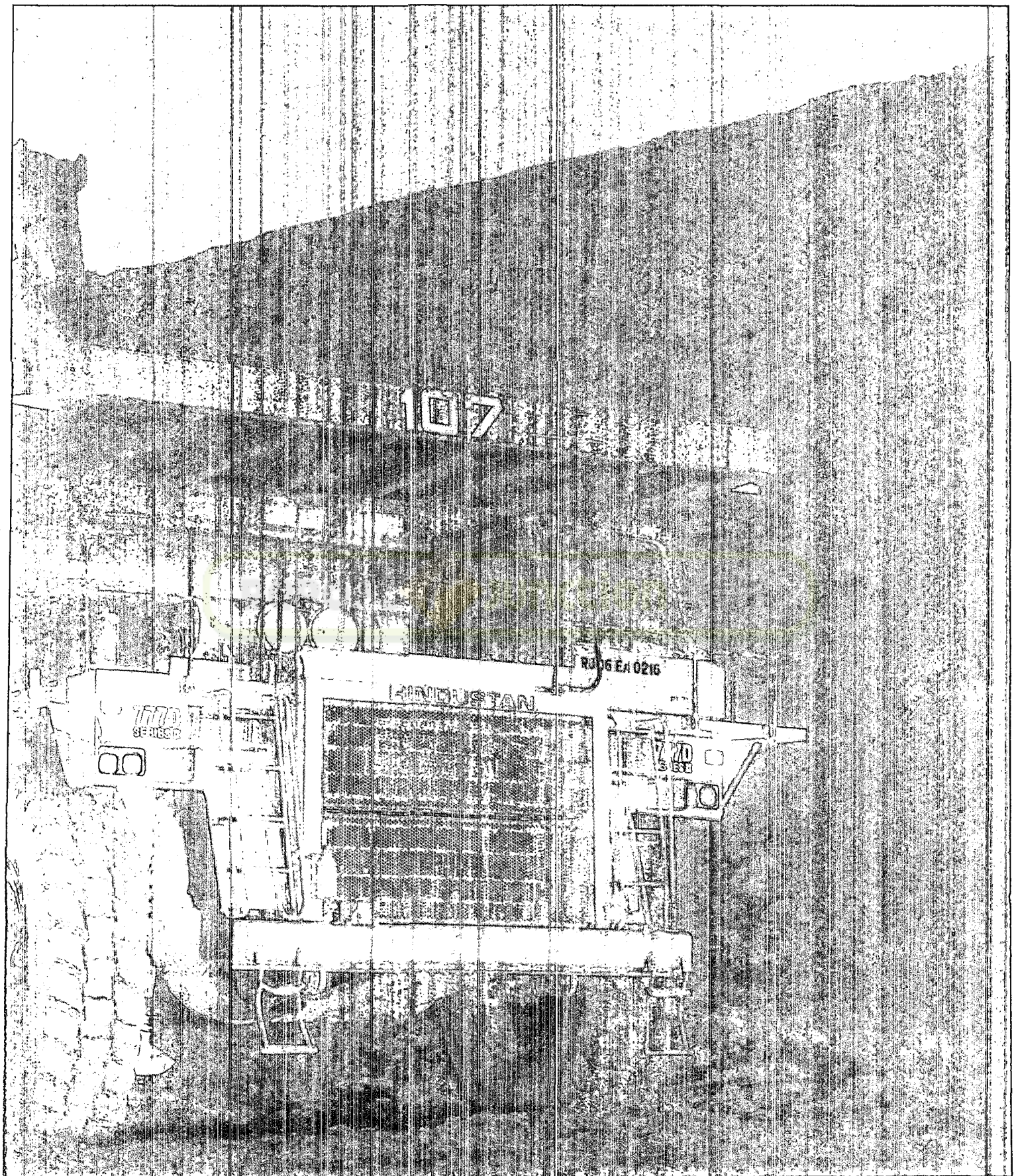
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42ND ANNUAL REPORT 2007-08



ENDURING VALUE THROUGH VALUES





Hindustan Zinc, a saga of exemplary growth with an outstanding performance on sustainable development, is the World's second largest integrated zinc producer with a mining and metals capacity of 754,000 tonnes per annum.



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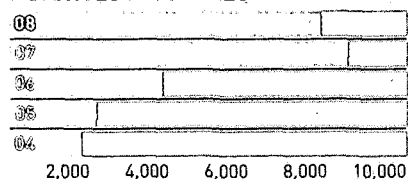
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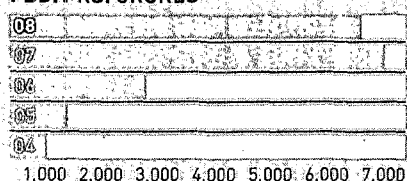
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HIGHLIGHTS

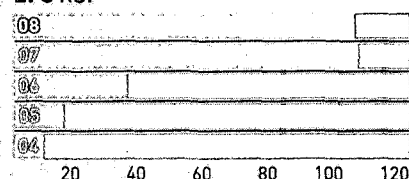
REVENUES RS. CRORES



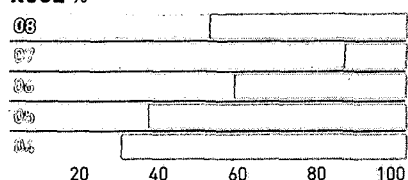
PBDIT RS. CRORES



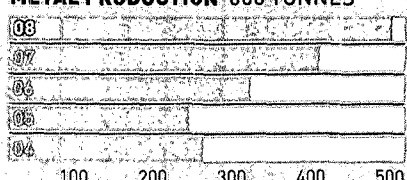
EPS RS.



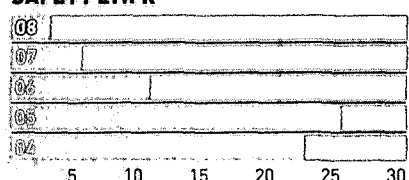
ROCE %



METAL PRODUCTION '000 TONNES



SAFETY LTIFR



Another year of excellent performance for Hindustan Zinc

- Revenues of **Rs 7,878 crores** driven by higher volumes in both Zinc and Lead.
- PBDIT of **Rs 6,231 crores** driven by excellent cost performance
- EPS of **Rs 104.04** per share
- Stable operating costs despite industry-wide pressures
- Continues to deliver projects ahead of schedule and within budget in a challenging industry environment
- Strong balance sheet with shareholders fund base of **Rs 11,848 crores**
- **ROCE of 50.7%**
- Total dividend recommended at **Rs 5.00** per share

Growth projects

- **Rs 3,600 crores** of near term growth projects under implementation
- Actions on ground to cross 1 million tonnes of metal production capacity

HINDUSTAN ZINC AT A GLANCE

MINING OPERATIONS

1. RAMPURA AGUCHA MINE

Ore Produced in FY 2008:	4,068,215 tonnes
Type of Mine:	Open Cast
Reserves:	63.56 million tonnes
Resources:	43.77 million tonnes
Average Reserves Grade:	Zinc – 12.97% Lead – 1.94%
Ore Production Capacity:	5.00 million tonnes per annum

3. RAJPURA DARIBA MINE

Ore Produced in FY 2008:	518,049 tonnes
Type of Mine:	Underground
Reserves:	7.07 million tonnes
Resources:	17.60 million tonnes
Average Reserves Grade:	Zinc – 6.23% Lead – 1.51%
Ore Production Capacity:	0.6 million tonnes per annum

2. SINDESAR KHURD MINE

Ore Produced in FY 2008:	295,200 tonnes
Type of Mine:	Underground
Reserves:	1.96 million tonnes
Resources:	35.31 million tonnes
Average Reserves Grade:	Zinc – 5.32% Lead – 2.08%
Ore Production Capacity:	0.30 million tonnes per annum

4. ZAWAR MINES

Ore Produced in FY 2008:	901,635 tonnes
Type of Mine:	Underground
Reserves:	7.18 million tonnes
Resources:	41.91 million tonnes
Average Reserves Grade:	Zinc – 3.88% Lead – 2.09%
Ore Production Capacity:	1.2 million tonnes per annum

SMELTING OPERATIONS

5. CHANDERIYA SMELTER COMPLEX

Production FY 2008:	293,541 tonnes of Zinc 58,247 tonnes of Lead
Capacity:	525,000 tonnes of Zinc 85,000 tonnes of Lead

6. DEBARI ZINC SMELTER

Production FY 2008:	78,511 tonnes of Zinc
Capacity:	88,000 tonnes Zinc

7. VIZAG ZINC SMELTER

Production FY 2008:	54,271 tonnes of Zinc
Capacity:	56,000 tonnes of Zinc

POWER OPERATIONS

5. CHANDERIYA SMELTER COMPLEX

Type:	Coal based captive power plant
Capacity:	234 MW

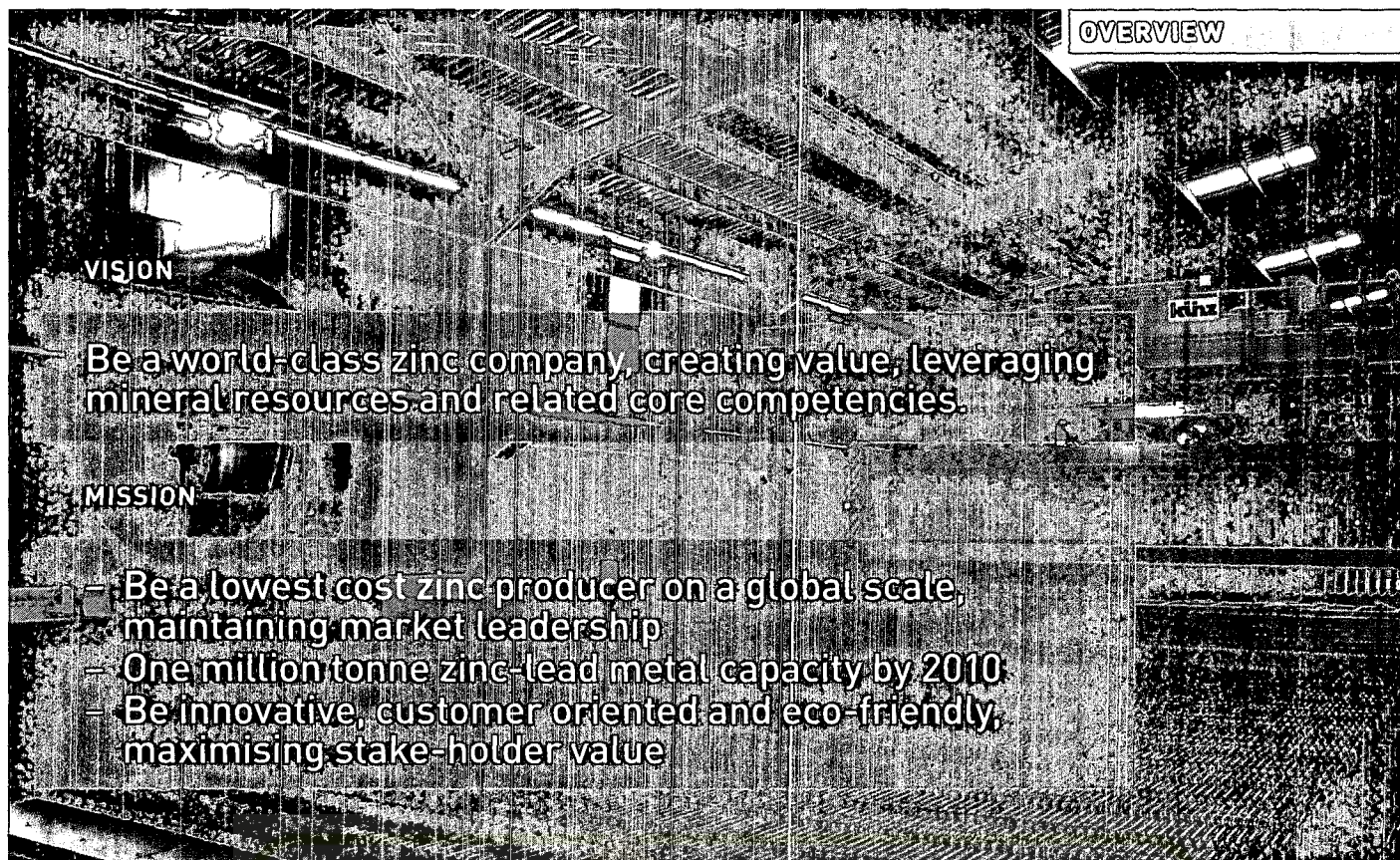
8. SAMANA WIND POWER PROJECT

Type:	Wind energy farms
Capacity:	88.8 MW

9. GADAG WIND POWER PROJECT

Type:	Wind energy farms
Capacity:	18.4 MW

1. Rampura Agucha Mine
2. Sindesar Khurd Mine
3. Rajpura Dariba Mine
4. Zawar Mine
5. Chanderiya Smelter Complex
6. Debari Zinc Smelter
7. Vizag Zinc Smelter
8. Samana Wind Power Project
9. Gadag Wind Power Project
- Smelting operations
- ⚡ Power plants



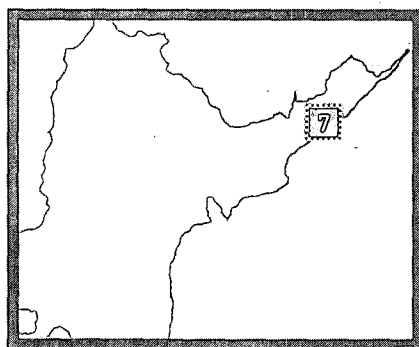
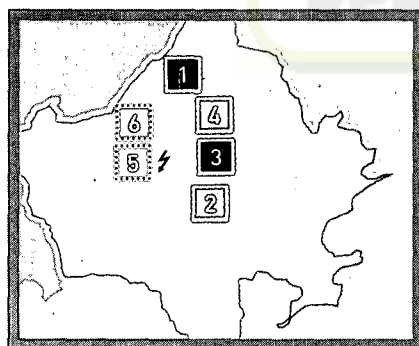
OVERVIEW

VISION

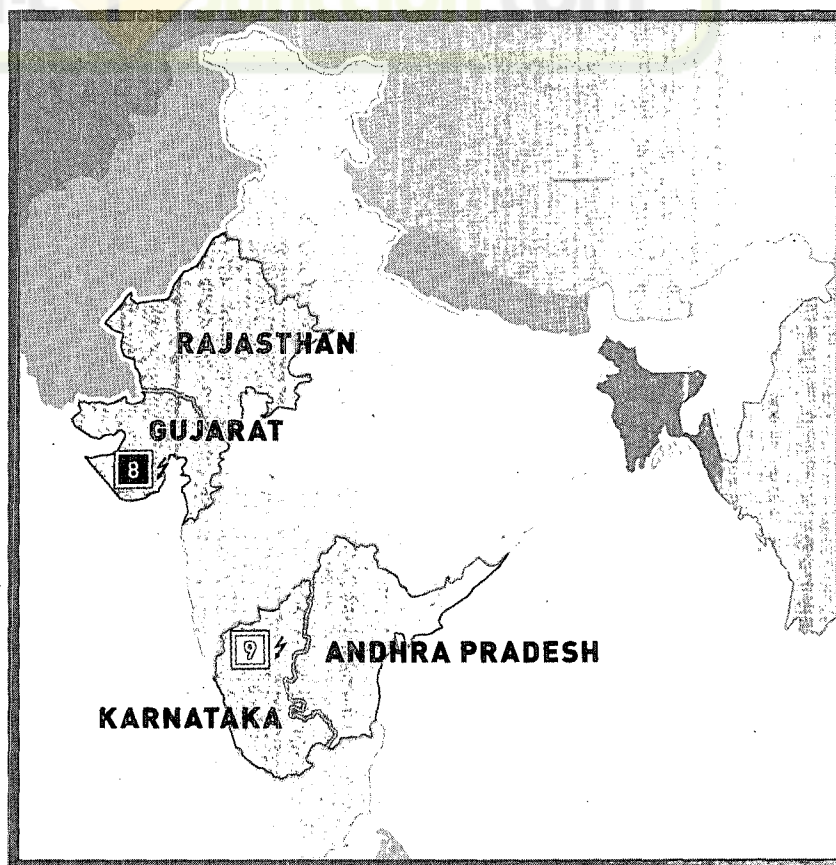
Be a world-class zinc company, creating value, leveraging mineral resources and related core competencies.

MISSION

- Be a lowest cost zinc producer on a global scale, maintaining market leadership
- One million tonne zinc-lead metal capacity by 2010
- Be innovative, customer oriented and eco-friendly, maximising stake-holder value

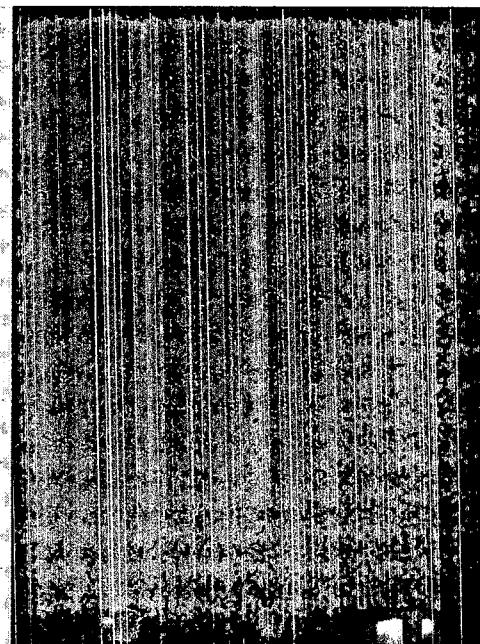


Note: map not to scale



OUR GROWTH HISTORY

Driven by the capability of 6,359 employees, Hindustan Zinc Limited is the world's second largest integrated zinc producer.



1966

- Hindustan Zinc Limited was incorporated from erstwhile Metal Corporation of India on 10 January 1966

1991

- Chanderiya Pyro-metallurgical Lead Zinc Smelter and Rampura Agucha Mine began production

2002

- Acquired by Sterlite Industries (India) Limited on 11 April 2002

2003

- 32,000 tonnes of zinc debottlenecking completed at Debari Zinc Smelter and Vizag Zinc Smelter
- Debottlenecking of Rampura Agucha Mine from 1.37 million tonnes per annum to 2.30 million tonnes per annum

2004

- 35,000 tonnes of zinc debottlenecking completed at Chanderiya Smelter Complex

2005

- Commissioned 170,000 tonnes per annum of Hydrometallurgical Zinc Smelter (Hydro I) at Chanderiya Smelter Complex
- Commissioned 2x77 MW Captive Power Plant at Chanderiya Smelter Complex
- Rampura Agucha Mine expansion from 2.30 million tonnes per annum to 3.75 million tonnes per annum

2006

- Commissioned 50,000 tonnes per annum of Ausmelt Lead Smelter at Chanderiya Smelter Complex
- Sindesar Khurd Mine began production with an initial capacity of 0.3 million tonnes per annum

UNRIVALLED GROWTH

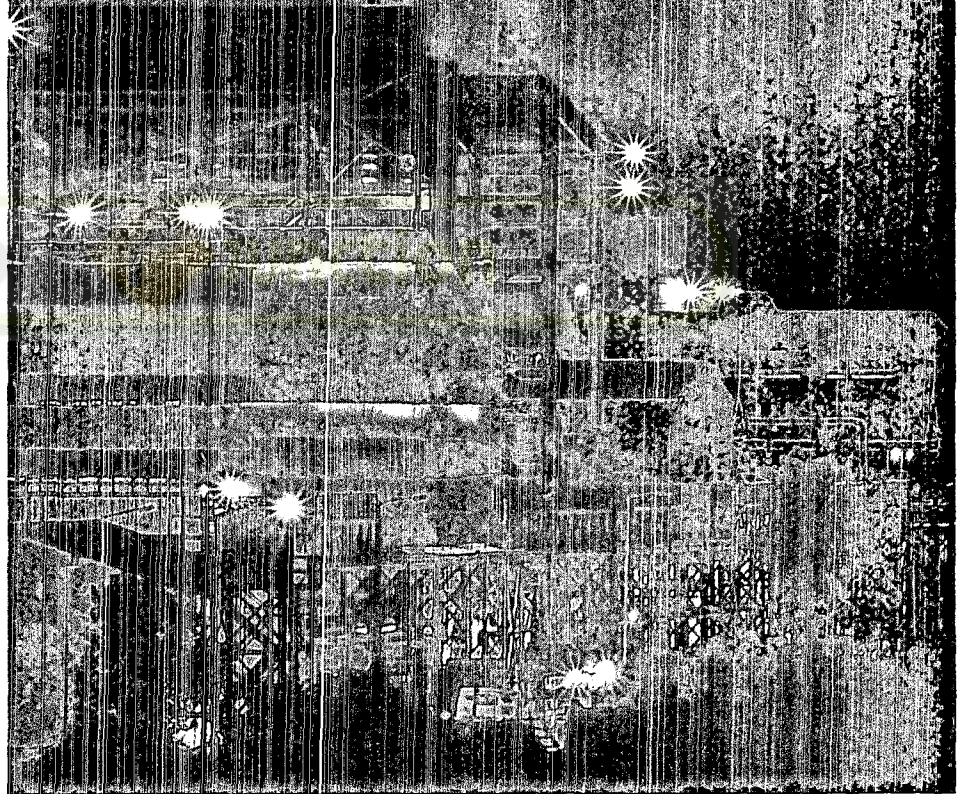
OVERVIEW

2007

- Commissioned 170,000 tonnes per annum of Hydrometallurgical Zinc Smelter (Hydro II) in a benchmark time of 20 months at Chanderiya Smelter Complex
- Commissioned 38.4 MW of Wind Energy Farms at Gujarat

2008

- 88,000 tonnes per annum zinc debottlenecking completed at Chanderiya Smelter Complex and Debari Zinc Smelter
- Rampura Agucha Mine expansion from 3.75 million tonnes per annum to 5.00 million tonnes per annum
- Commissioned additional 68.8 MW Wind Energy Farms making the Company's total Wind Energy capacity to 107.2 MW as on 31 March 2008



CHAIRMAN'S STATEMENT

2008 was another excellent year for Hindustan Zinc. A significant increase in volumes combined with productivity gains and stable operating costs delivered industry-leading growth and returns for our shareholders.

2008 HIGHLIGHTS

2008 was another excellent year for Hindustan Zinc. A significant increase in volumes combined with productivity gains and stable operating costs delivered industry-leading growth and returns for our shareholders.

Our portfolio of existing assets and completed expansion projects continue to yield superior performance and we continue to make investments that drive sustainable long-term growth. We are emerging as an exceptional mining company with world class resources. We continue to offer a unique investment story by delivering our expansion projects ahead of schedule in a challenging environment.

During the year metal in concentrate production was 629,019 tonnes, an increase of 10% over prior year production of 572,319 tonnes. Our FY 2008 finished zinc metal production grew to 426,323 tonnes, with lead production at 58,247 tonnes, an increase of 22.4% and 30.7%, respectively over FY 2007. The increase in zinc and lead metal production was primarily due to the output from our new Chanderiya Hydro II zinc smelter and increased output from our existing zinc and lead smelters.

I am delighted to report that we achieved net sales of Rs. 7,878 crore in 2008 with accompanying PBDIT of Rs. 6,231 crore. Despite higher metal production and operating efficiencies, net sales were lower compared to the previous year on account of lower LME prices and an appreciation of the Indian

rupee vis-à-vis the US dollar. Profit After Taxes of Rs. 4,396 crores was marginally lower than Rs. 4,442 crores recorded in FY 2007 due to the aforementioned reasons.

2008 ACHIEVEMENTS

We commissioned our new 170,000 tonne Chanderiya Hydro II zinc smelter at Chanderiya during the year, within a record time of 20 months and three months ahead of schedule. This smelter was also ramped up within one quarter of its commissioning. We added 80 MW of Captive Power at Chanderiya in FY 2008. Subsequent to the year end, we also successfully completed our 88,000 tonne zinc debottlenecking project at Chanderiya and Debari. With this, our total zinc-lead capacity is now 754,000 tonnes making us the second largest integrated zinc producer in the world.

A total of 68.8 MW of wind power capacity was commissioned during the year, taking our total installed green wind energy capacity to 107.2 MW.

Our exploration philosophy has been to replace every tonne of ore mined with at least one tonne of resource. I am pleased to report that our ongoing exploration activities have yielded significant success with an increase of 28.7 million tonnes to reserves and resources, prior to a depletion of 5.8 million tonnes in FY 2008. Contained zinc-lead metal has increased by 4.0 million tonnes, prior to a depletion of 0.6 million tonnes during the same period. Total reserves and resources at 31 March 2008 were 232.3 million

tonnes containing 27.5 million tonnes of zinc-lead metal.

During the year, we successfully achieved LME registration of zinc metal from the Chanderiya Hydro I smelter and the lead metal from our Chanderiya Lead Smelter. The LME registration is recognised worldwide as one of the most demanding standards and signifies highest product quality, uniform physical characteristics and consistency of metal production. This underpins the capability and commitment of HZL to meet best quality standards.

GROWTH PROJECTS

We also recently announced expansion projects that will increase our total integrated zinc-lead capacity to 1,065,000 tonnes per annum, making us the world's largest integrated zinc-lead producer. This expansion is also expected to gradually increase our silver production from the current levels of 2.8 million ounce per annum to 16.1 million ounce per annum.

DIVIDEND

The Company paid an interim dividend of Rs.2.5 per share. To maintain consistency and continuity and keeping in view future fund requirements for expansion, your Board of Directors have recommended a final dividend of Rs.2.5 per share, resulting in a total dividend of Rs.5.0 per share for the year under review.

PEOPLE

Driving our achievements and success is our dedicated and talented workforce