

# THE HEART OF ENTERPRISE



HINDUSTAN ZINC

**SCALE. EXPERTISE.  
SUSTAINABILITY.**

HINDUSTAN ZINC LIMITED  
ANNUAL REPORT **2011-12**

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In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## WHAT IT TAKES...

To identify and develop mineral resources in an under-explored country like India?

To possess over 25 years of mine reserves and resources?

To achieve significant growth and profitability in a volatile market scenario?

To enhance production scale and execution brilliance to retain profitability, despite metal price fluctuations?

To feature among the top global Silver producers and maintain global leadership position in Zinc-Lead with over a Million tonnes annual capacity?

To become one of India's largest green energy producers with 274 MW of wind power capacity?

To be the only integrated player in India of Zinc, Lead and Silver with more than 80% market share in Zinc?

## ...THE HEART

**At HZL, enterprise is not limited to business entrepreneurship.**

Our community efforts impact over 500,000 lives and we are committed to make their tomorrow better than their today.

Our focus is on conserving resources, improving health, safety and environmental stewardship, enhancing the quality of life of our people and of those we live and work with.

**So what lies at the heart of our enterprise is not just a business imperative, but a mandate to create happiness.**

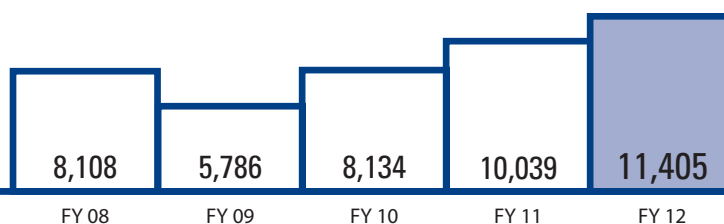


# FINANCIAL SCORECARD

## NET REVENUE

# 11,405

(₹ CRORES)

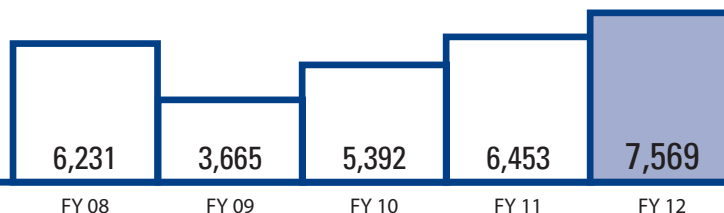


## PBDIT

PROFIT BEFORE DEPRECIATION,  
INTEREST & TAX

# 7,569

(₹ CRORES)

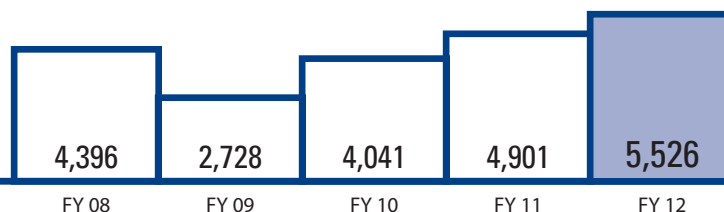


## PAT

PROFIT AFTER TAX

# 5,526

(₹ CRORES)

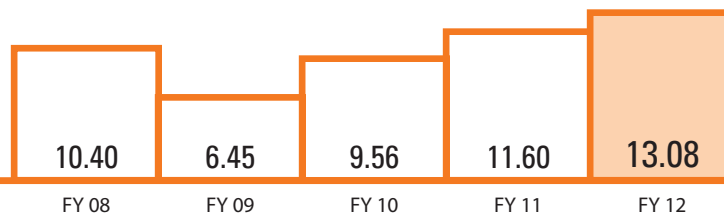


## EPS

EARNINGS PER SHARE

# 13.08

(₹)

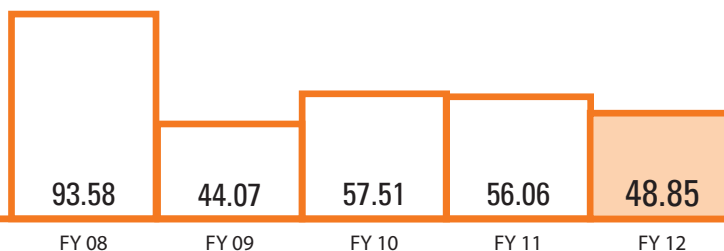


## ROCE

RETURN ON CAPITAL EMPLOYED

# 48.85

(%)



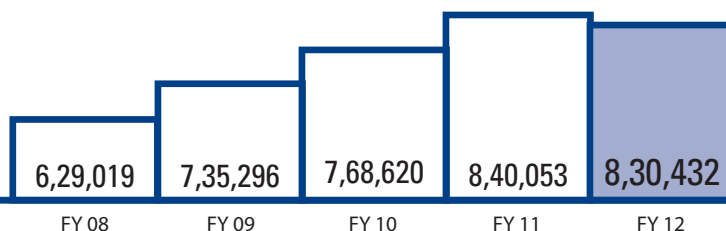
(\*)The EPS figures have been reworked for FY 2008 to FY 2010, to give effect of subdivision of shares and the allotment of bonus shares. The existing equity shares of ₹ 10/- each were subdivided into 5 equity shares of ₹ 2 each and bonus shares in the ratio of 1:1 (post split) were allotted on March 9, 2011

## OPERATIONAL SCORECARD

### MINED METAL

8,30,432

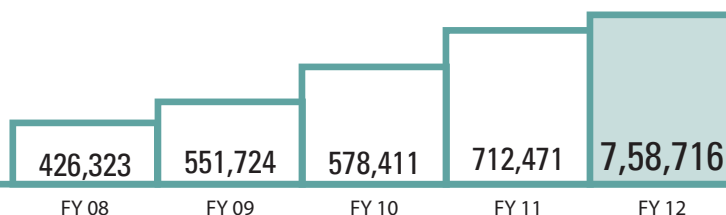
(TONNES)



### REFINED ZINC

7,58,716

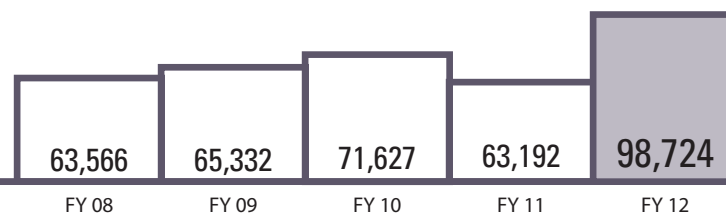
(TONNES)



### REFINED LEAD

98,724

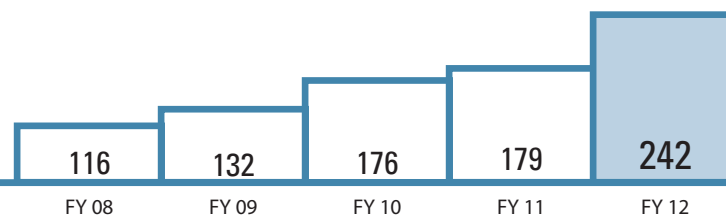
(TONNES)



### REFINED SILVER

242

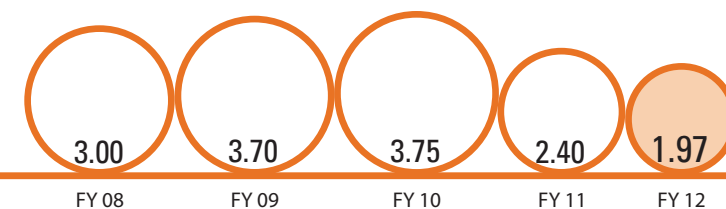
(TONNES)



### SAFETY QUOTIENT

1.97

LOST TIME INJURIES PER MILLION  
MAN-HOURS WORKED (LTIFR)





## AWARDS AND RECOGNITION

We are pleased to have our efforts towards operational excellence and sustainable development recognised by way of awards at **both national and international levels.**



Notable amongst our awards are:

### QUALITY

- IMC Ramakrishna Bajaj National Quality Award – ‘Performance Excellence Trophy’ (RBNQA – 2011)
- Best Prax Compass Award 2011
- SAP ACE award 2011 in the category of ‘Best run IT organisation’
- ‘Silver Certificate of Merit’ by the jury of ET’s IMEA 2011 in partnership with Frost & Sullivan

### HSE

- ‘Innovative Environmental Project’ award at the CII Environmental Best Practices Award 2012
- Rajasthan Energy Conservation Award 2011

### CSR

- ASSOCHAM CSR Excellence award for FY 2012

**Providing nutrition to  
over 180,000 children**

# VISION, MISSION AND VALUES

## VISION

To be the world's largest and most admired Zinc-Lead & Silver Company.

## MISSION

- Enhance stakeholders' value through exploration, innovation, operational excellence and sustainability.
- Be a globally lowest cost producer.
- Maintain market leadership and customer delight

## VALUES

### ENTREPRENEURSHIP

We foster an entrepreneurial spirit throughout our businesses and value the ability to foresee business opportunities early in the cycle and act on them swiftly. Whether it be developing organic growth projects, making strategic acquisitions or creating entrepreneurs from within, we ensure an entrepreneurial spirit at the heart of our workplace.

### GROWTH

We continue to deliver growth and generate significant value for our shareholders. Moreover, our organic growth pipeline is strong as we seek to continue to deliver significant growth for shareholders in the future. We have pursued growth across all our businesses and into new areas, always on the basis that value must be delivered.

### EXCELLENCE

Achieving excellence in all that we do is our way of life. We strive to consistently deliver projects ahead of time at industry-leading costs of construction and within budget. We focus on constantly achieving a top decile cost of production in each of our businesses. To attain this, we follow a culture of best practice benchmarking.

### TRUST

The trust that our stakeholders place in us is key to our success. We recognise that we must responsibly deliver on the promises we make to earn that trust. We constantly strive to meet stakeholder expectations of us and deliver ahead of expectations.

### SUSTAINABILITY

We practice sustainability within the framework of well-defined governance structures and policies, with the demonstrated commitment of our management and employees. We aim that our projects make a net positive impact on the environment wherever we work.

# AT THE HEART OF OUR OPERATIONS

## FY 2012

### MINING

	RAMPURA AGUCHA	SINDESAR KHURD	RAJPURA DARIBA	ZAWAR
ORE PRODUCED (Million Tonnes)	5.95	1.30	0.59	0.20
TYPE OF MINE	Open Cast	Underground	Underground	Underground
RESERVES (Million Tonnes)	69.3	21.6	8.8	7.8
RESOURCES (Million Tonnes)	41.1	59.8	43.5	64.1
ORE PRODUCTION CAPACITY (mtpa)	6.15	2.00	0.90	1.20

Note: We also have a Rock-Phosphate mine in Maton near Udaipur in Rajasthan - Annual production capacity of 0.18 Million tonnes (FY 2012 production: 0.18 Million tonnes); Reserves & Resources of 5 Million tonnes

### SMELTING

		CHANDERIYA	DARIBA	DEBARI	VIZAG+
PRODUCTION (Tonnes)	ZINC	4,64,021	1,98,204	68,046	28,445
	LEAD*	68,309	30,415		
CAPACITY (Tonnes)	ZINC	525,000	210,000	88,000	56,000
	LEAD	85,000	100,000		

\* Includes captive Lead consumption of 6,625 tonnes

+ Operations currently under suspension

Note: We also have Zinc, Lead and Silver refining facilities in the State of Uttarakhand

#### KEY BY-PRODUCT PRODUCTION

- Refined Silver – 242 tonnes\*\* (capacity – 518 tonnes)
- Sulphuric Acid – 1.31 Million tonnes (capacity – 1.74 Million tonnes)

\*\* Includes captive Silver consumption of 35 tonnes

### POWER

	CHANDERIYA	DARIBA	ZAWAR	DEBARI
COAL BASED CAPTIVE POWER PLANT (MW)	234	160	80	-
WASTE HEAT RECOVERY (MW)	13.7	4.3	-	6.5

WIND ENERGY FARMS	GUJARAT	KARNATAKA	RAJASTHAN	TAMILNADU	MAHARASHTRA
CAPACITY (MW)	88.8	49.4	88.8	21.0	25.5







## WHAT KEPT US BUSY IN FY 2012

**2.0<sup>MTPA</sup>**

Ramped-up Sindesar Khurd mine to 2.0 mtpa capacity

**100<sup>KTPA</sup>**

Commissioned the 100 ktpa Lead smelter at Dariba, increasing the Lead production capacity to 185 ktpa

**500<sup>TPA</sup>**

Commissioned new Silver refinery, increasing the Silver refining capacity to 500 tpa

**5,000<sup>SQ KM</sup>**

Active exploration across 5,000+ sq km pan India

**102<sup>MW</sup>**

Commissioned 102 MW expansion in wind power, increasing total wind power generation capacity to around 274 MW

Commenced underground mine development work at Rampura Agucha mine and greenfield Kayar mine



## OUTCOME

**₹55,880<sup>CR</sup>**

Market capitalisation as on March 31, 2012

**₹17,948<sup>CR</sup>**

Strong balance sheet with cash & cash equivalents and current investments

**120%**

Final dividend recommended at 45%, taking the total dividend for the year to 120%, the highest ever

# CHAIRMAN'S COMMUNIQUE



Agnivesh Agarwal  
Chairman

## DEAR SHAREHOLDERS

We are pleased to report yet another year of growth and profitability in a very challenging global environment. During the year, the demand for base metals was adversely impacted and global business confidence was visibly shaken. While the global leaders struggled to contain the sovereign debt situation in Europe, we remained unfazed in the face of sharp ups and downs in metal prices. **We had a double-digit growth in our profitability by cost-effective production and rising volumes.**

Envisioning leadership in all segments we operate in, we have strategised our growth in Lead and Silver, while we continue to retain our global leadership position in Zinc. We feel energised by your support to perform even better in the coming year.

### SCALING UP

We have commissioned a new Lead smelter and Silver refinery during the year. This enhances our production capacity to over one Million tonnes in the Zinc-Lead business and increases the Silver refining capacity to over 500 tonnes. While unlocking value from scale, this recent capacity development at HZL has placed us in league with the top global Silver producers.

### TENACITY IN PERFORMANCE

The management team's resolute performance in the face of external challenges has not gone unnoticed and I am proud of the talent that we have managed to attract and retain with our best employer practices.

### INDIA ON THE RADAR

We continue to retain our focus on India, being a large growing market and an under-explored territory for base metals. We supply more than 80% of India's demand for Zinc, which is essential for galvanising the country's infrastructure and construction industries. Our newly added Lead capacity will serve the nascent but expanding automobiles and industrial segments. In addition, our enhanced Silver production will reduce the country's dependence on imports. While we continue to explore for new mineral reserves to fulfil our nation's future needs, our strong cash reserves of USD 3.5 billion gives us a war-chest to look at acquiring strategic raw material reserves in India and overseas to supplement our growing requirements.