



HINDUSTAN ZINC



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# REINFORCING THE CORE



HINDUSTAN ZINC LIMITED 2012-13 ANNUAL REPORT

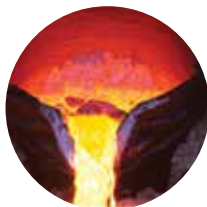


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In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking 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.

LEADERSHIP IS NOT AN ABSOLUTE ATTRIBUTE,  
IT NEEDS TO BE EARNED AND RETAINED EVERY MOMENT  
BY **STRENGTHENING THE CORE.**

## Growth

At Hindustan Zinc Limited, we have achieved three-fold growth in our operations in the last 10 years. Our ongoing mining expansion programme will enhance our mined metal output from a record 870,000 MT in FY2013 to 1,200,000 MT over the next few years.

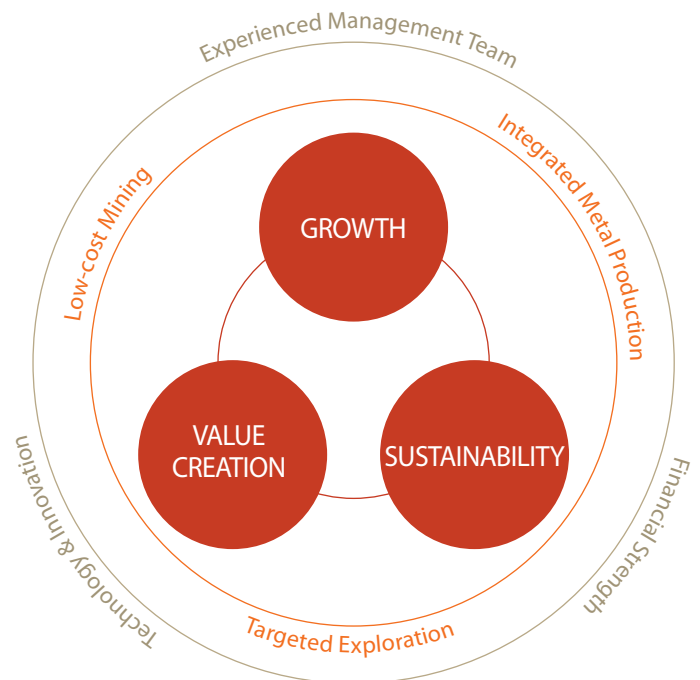
## Value creation

We are enhancing value for our shareholders by leveraging existing assets, focusing on our core competencies and unlocking potential of our resources.

## Sustainability

We are strengthening business prospects through consistent efforts to ensure sustainability of resources, inclusive growth of communities and unfailing safety of all our operations.

We sustain leadership by increasing production, lowering operational cost and expanding our mineral resource base. We develop skilled human assets and deploy advanced technologies to enhance efficiency and drive environmental compliance. The result is a sustainable business model that generates financial robustness to facilitate growth.





## ON-GROUND INITIATIVES REINFORCING THE CORE



In FY 2013, we committed substantial investments in capacity expansion of existing mines and development of new mines.

This involves six major projects that will be completed over the next six years to increase our mined metal production to 1.2 million MT per annum over the next few years. These growth plans are expected to increase our share in the global zinc market to an estimated 7% from the current 5.6%\*.

(\*Wood Mackenzie, March 2013)



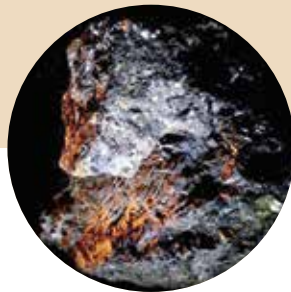
We have a strong focus on value creation and value enhancement through asset optimisation. Our efforts are directed towards improving asset availability, utilisation and efficiency.

Further, employing best-in-class technologies and processes to improve recoveries of our main products and saleable by-products continues to remain our key focus area. During the year, we significantly improved our recovery of silver.

Our future growth will be balanced with a commensurate reduction in environmental impact. During the year, we achieved 6% reduction in water consumption at our operations. As we increase underground mining in future years and operate smelters with higher efficiency, our energy consumption should see a meaningful decline. Our various clean development mechanism projects on waste heat recovery and wind power have an annual certified emission reduction potential of over 600,000 MT of CO<sub>2</sub>.



**25+ YEARS**  
MINE RESERVES &  
RESOURCES



**348.3 MILLION  
MT**  
RESERVES AND  
RESOURCES



**10.25 MILLION  
MT**  
PER ANNUM ORE  
PRODUCTION  
CAPACITY



**1.0+ MILLION  
MT**  
PER ANNUM  
ZINC-LEAD METAL  
PRODUCTION  
CAPACITY



Workplace safety is deeply embedded in our operational framework and is indispensable for business sustainability.

During the year, we reduced our Lost-Time-Injury-Frequency-Rate (LTIFR) by 42% and initiated several programmes to strengthen a safety culture among employees and contractors. However, with the safety goal of Zero Harm to people, we understand that we have a long way to go. We reaffirm our focus and commitment in this direction.



Beyond the realm of business, our social-outreach initiatives touch over 5,00,000 people, helping them rise above challenges and create their own identity in the society.

During the year, we focused on high-impact projects like rural sanitation, model school development and Integrated Panchayat Development Programme to enhance the quality of life and socio-economic well-being of our communities.

Across business opportunities and adversities, economic crests and troughs, and volatile pricing of commodities, we continue to reinforce our core by the collective expertise and experience of our people.



**474 MW**  
CAPTIVE POWER



**299 MW**  
GREEN POWER



**6000+**  
HUMAN CAPITAL



**500,000+**  
LIVES IMPACTED

## STRONG FUNDAMENTALS STABLE PERFORMANCE

We are one of the world's largest integrated producers of zinc-lead and a leading producer of silver globally. Subsidiary of the NYSE listed, Sterlite Industries (India) Limited and London listed FTSE 100 diversified metals and mining major, Vedanta Resources plc.

### 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 is 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 maximise metal recovery and 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 and exceed expectations of our stakeholders, be they our customers, vendors, shareholders, bankers, regulatory & governmental authorities or employees.

#### Sustainability

We practise 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.

Listings/Tickers  
BSE: 500188  
NSE: HINDZINC

## Accolades

### Sustainability

- BSE Social & Corporate Governance Award
- CII-ITC Sustainability Award 2012 –‘Commendation for Significant Achievement’
- International Green Environment Apple Award from The Green Organisation
- Green Manufacturing Excellence Award to Chanderiya Lead-Zinc Smelter by Frost & Sullivan

### Corporate

- Gold Award at ‘The Economic Times Indian Manufacturing Excellence Award 2012’
- ‘Strong Commitment to HR Excellence’ CII National HR Excellence Award
- NASSCOM IT User Award
- CIO 100 Award from CIO Magazine
- Par Excellence Award at National Convention on Quality Concept Circles 2012
- Dun & Bradstreet Corporate Award in ‘Non-ferrous Category’ Top 500 Corporate Award

## 1ST

WORLD’S LARGEST INTEGRATED ZINC PRODUCER

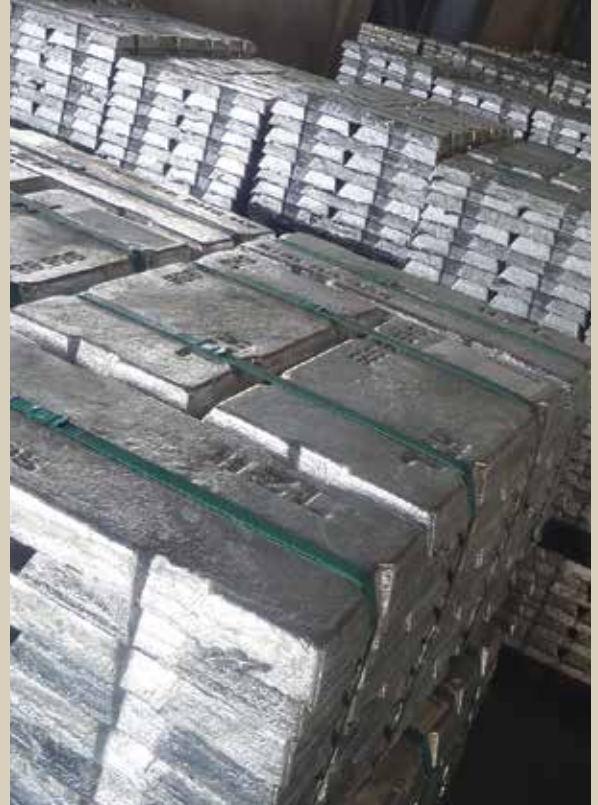
## 2ND

LARGEST ZINC-LEAD MINER GLOBALLY WITH OVER 10 MILLION MT OF ORE PRODUCTION CAPACITY

## 3RD

LARGEST ZINC-LEAD SMELTER GLOBALLY WITH OVER 1.0+ MILLION MT OF PRODUCTION CAPACITY

(Rankings calculated from Wood Mackenzie, March 2013 Long Term Outlook)



HZL SHG 99.995" Zinc ingot



## EXTENSIVE CANVAS OF OPERATIONS

### CUMULATIVE OPERATING CAPACITIES PER ANNUM

**10,250,000 MT**  
ORE MINING

**823,000 MT**  
ZINC SMELTING

**185,000 MT**  
LEAD SMELTING

**518 MT**  
SILVER REFINING

**474 MW**  
CAPTIVE POWER

**274 MW**  
WIND ENERGY

Note: In addition to silver, sulphuric acid is also a by-product where our capacity is 1.74 million MT per annum



Rampura Agucha open cast mine



## MINES

	Rampura Agucha	Sindesar Khurd	Rajpura Dariba	Zawar
Reserves*	62.7 mt	21.4 mt	10.6 mt	9.5 mt
Resources*	46.1 mt	63.6 mt	40.6 mt	66.9 mt
Reserve Grade Zn	13.6%	4.5%	6.5%	3.7%
Reserve Grade Pb	1.8%	2.5%	1.6%	2.0%
Ore Production Capacity**	6.15 mtpa	2.0 mtpa	0.90 mtpa	1.2 mtpa
Captive Power Plant	-	-	-	80 MW

\* Reserves & Resources in million MT (mt)

\*\* Ore Production Capacity in million MT per annum (mtpa)

Note:

1. Reserves and Resources at the planned mine at Kayad are 5.4 million MT and 5.9 million MT, respectively.
2. Reserves and Resources at the planned mine at Bamnia Kalan are nil and 15.6 million MT, respectively.
3. Resources are exclusive of Reserves

## SMELTING AND POWER

Chanderiya Smelting Complex		Dariba Smelting Complex		Wind Power Plants (MW)		Zinc Smelter Debari	
Pyrometallurgical Lead Zinc Smelter				Rajasthan	88.8		
Zinc	105,000 MT			Gujarat	88.8		
Lead	35,000 MT			Maharashtra	25.5		
				Karnataka	49.4		
				Tamil Nadu	21.0		
Hydrometallurgical Zinc Smelter: 420,000 MT		Hydrometallurgical Zinc Smelter: 210,000 MT				Hydrometallurgical Zinc Smelter: 88,000 MT	
Ausmelt™ Lead Smelter: 50,000 MT		Lead Smelter: 100,000 MT					
Captive Power Plant: 234 MW		Captive Power Plant: 160 MW					

Note:

1. Additional facilities in the state of Uttarakhand for processing and refining of zinc, lead and silver
2. Excludes Zinc Smelter Vizag presently not in operation

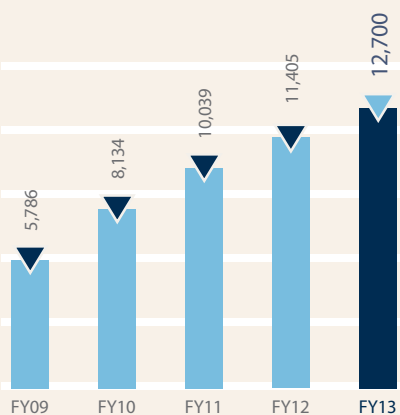
## VISION EXPANDS VALUE MULTIPLIES

Our vision and operational focus help accelerate the value that we generate for stakeholders

### NET REVENUE FROM OPERATIONS

(₹ in Crores)

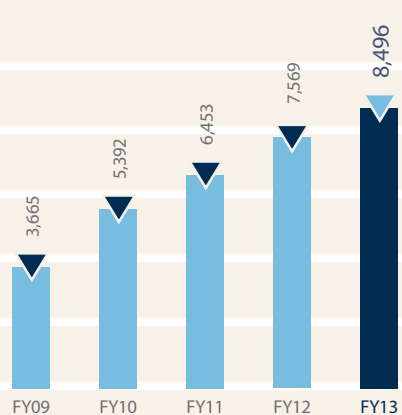
▲ 11%



### PBDIT\*

(₹ in Crores)

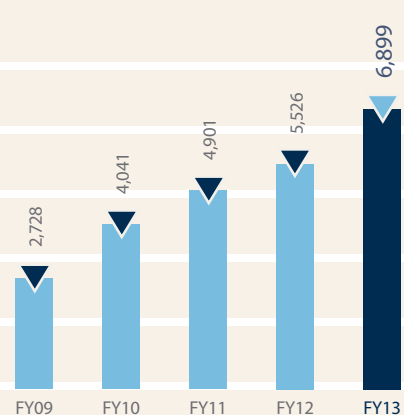
▲ 12%



### PROFIT FOR THE YEAR

(₹ in Crores)

▲ 25%

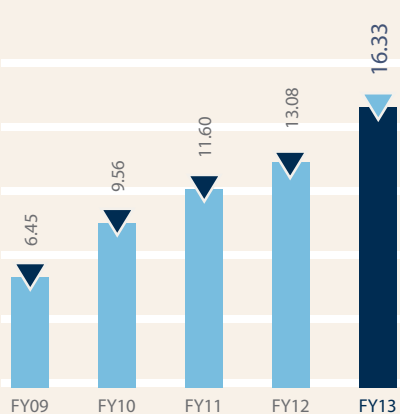


\* Profit before Depreciation, Interest & Taxes

### EPS\*\*

(₹)

▲ 25%

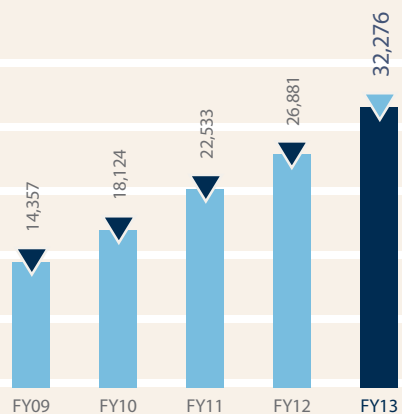


\*\*Earnings per Share

### NET WORTH

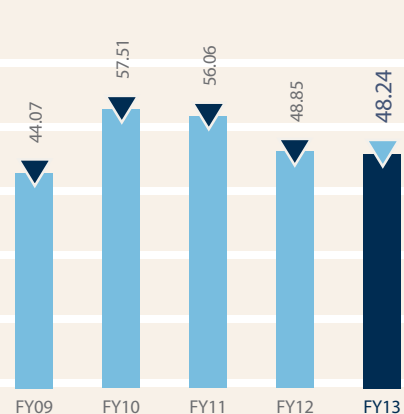
(₹ in Crores)

▲ 20%



### ROCE\*\*\*

(%)



\*\*\* Return on Capital Employed

(\*) Includes Other Income

(\*\*) 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

(\*\*\*) Excludes treasury corpus and treasury income