

# Unwavering Focus



# Unprecedented Outcomes



## Quick Facts

**India's largest & only integrated producer of zinc, lead and silver**

**2<sup>nd</sup> largest zinc-lead miner & one of the lowest-cost producers of zinc globally**

**4<sup>th</sup> largest zinc smelter globally**

**6<sup>th</sup> largest silver producer globally**

**#1 in Metals & Mining category (Asia-Pacific) in Dow Jones Sustainability Index 2020**

**Included in list of A rated companies for Climate Change Carbon Disclosure project**

(As on 31<sup>st</sup> March, 2021, Source: Wood Mackenzie for global mine/smelter rankings for zinc-lead mine and cost, World Silver Institute for silver producer rankings, S&P & RobecoSAM for DJSI ranking, CDP not-for profit global organization for A listing)

## Key Outcomes - FY2021

- > Fatality-free operations
- > Back-fill plants commissioned at Zawarmala & Mochia Mines
- > Gold standard for Rampura Agucha, Debari & Dariba solar power plants
- > 1<sup>st</sup> ever producer to sell non-ferrous metals online at real-time prices (₹)
- > >40% gender diversity in management & executive committees
- > 1<sup>st</sup> woman mining manager in India with First Class Certificate in 'restricted' & 'unrestricted' categories
- > Highest ever mined metal production of 972 kt, up 6% from 917 kt in FY2020
- > Highest ever ore production of 15.5 Mt, up 7% from 14.5 Mt in FY2020
- > Highest ever annual silver production at 706 tons, up 16% Y-o-Y
- > Highest ever revenue from operations, up 22% in FY2021 at ₹ 22,629 crore
- > Highest EBITDA post fully UG operations, up 33% in FY2021 at ₹ 11,739 crore
- > Lowest ever annual zinc COP at \$954 per ton post UG mining transition
- > PAT up by 17% over FY2020 to ₹ 7,980 crore





FY 2020-21 saw the COVID-19 crisis challenge businesses as never before. Amid an extremely tough environment, we, at Hindustan Zinc, continued to stay on the growth track with our concerted focus on operational excellence and cost efficiencies. We delivered a remarkable performance, on the back of our steadfast commitment to become the largest and most

admired zinc, lead and silver company globally. Leveraging the robustness of our business model, we continued to adhere unwaveringly to the ethos of our values and principles, to deliver excellent outcomes and accretive value across the stakeholder fabric. Our performance keeps us motivated to surge ahead with renewed determination to build a more sustainable future.

At the same time, we remained equally cognizant of our environment, social and governance commitments, as well as our sustainability goals. While staying on course to deliver responsible, sustainable and value-led growth to our stakeholders, we stood firm on our commitment to our people and the communities around us. We actively pursued our CSR agenda and COVID-19 related initiatives to support them through these challenging times.

This Annual Report is the story of our unwavering focus and commitment. It is the narrative of the exceptional challenges which tested Hindustan Zinc's mettle, obstacles that we successfully overcame to deliver unprecedented outcomes for all our stakeholders.





# Contents



Pg.  
**04**  
A Responsible & Focused Corporate



Pg.  
**10**  
Operational Assets Driving Outcomes



Pg.  
**16**  
Message from the Chairman



Pg.  
**18**  
CEO's Message



Pg.  
**94**  
Environmental, Social, Governance

## 01

### Integrated Report

- 03 Our Approach to Integrated Reporting
- 04 A Responsible & Focused Corporate
- 08 Our Business at a Glance
- 09 Our Diversified Product Portfolio
- 10 Operational Assets Driving Outcomes
- 12 Focused on Capital Outcomes
- 16 Message from the Chairman
- 18 CEO's Message
- 22 Key Performance Indicators
- 28 Staying Unwavering During COVID-19
- 30 Drivers of Our Efficiency Outcomes
- 32 Expanding Our Digital Footprint
- 34 Recognition of Our Unprecedented Outcomes
- 36 Hindustan Zinc Investor Rationale
- 38 External Environment
- 40 Committed to Creating & Delivering Value
- 42 Modeled to Deliver Excellent Outcomes
- 44 Engaging with Stakeholders
- 48 Focus on Managing Material Issues
- 56 Sustained Focus on Strategic Priorities
- 60 Managing Capital Trade-offs
- 62 Focused on Managing Risks Effectively
- 70 Zinc
- 73 Lead
- 74 Silver
- 76 Mines Performance Overview
- 86 Smelters & Refinery Performance Overview
- 88 Exploration Performance Overview
- 90 Captive Power Plant Performance Overview
- 94 Focused on Environmental, Social, Governance (ESG)
- 138 Board of Directors
- 141 Leadership Team
- 142 Senior Management Team

## 144

### Statutory Reports

- 144 Board's Report
- 167 Corporate Governance Report
- 193 Business Responsibility Report

## 203

### Financial Statements

- 203 Independent Auditor's Report
- 212 Balance Sheet
- 213 Statement of Profit and Loss
- 214 Statement of Cash Flow
- 215 Statement of Changes in Equity
- 216 Notes to the Financial Statements

274 Glossary



To download this report or to read it online log on to [www.hzindia.com](http://www.hzindia.com)

# Our Approach to Integrated Reporting

## About the Report

This second Integrated Report of Hindustan Zinc Limited (Hindustan Zinc) provides detailed disclosures on our strategy, governance and prospects, through which we have brought in greater transparency in sharing information on our material issues and strategic performance. It contains information and disclosures that are aimed at enabling investors to make an informed assessment of the Company's ability to create and deliver holistic value.

## Reporting Scope and Boundary

The information covered in the report is for the period of 1<sup>st</sup> April, 2020 - 31<sup>st</sup> March, 2021, and encompasses all key facets of Hindustan Zinc's primary operations, including the five mining locations, three smelting locations and one refinery. The key material aspects identified and discussed are relevant to the operations of the Company, as well as its value chain partners, customers, communities and other stakeholders. We have detailed the Company's performance trend over a five-year period, wherever relevant, to give investors a clear understanding about the Key Performance Indicators (KPIs) that are contributing to the value creation.

## Reporting Principles

As in the previous year, this Integrated Report is guided by the <IR> framework of the International Integrated Reporting Council (IIRC). Some data related to <IR> might be management estimates. Other statutory reports, including the Board's Report, Corporate Governance Report and Business Responsibility Report are as per the Companies Act, 2013; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and the prescribed Secretarial Standards.

This Integrated Report should be read in conjunction with our Sustainability Review report, where we share more details on the key non-financial aspects of our business value. You may access the Sustainability Review report on our website [www.hzindia.com](http://www.hzindia.com).

## Materiality & Materiality Matters

We have applied the principles of materiality in assessing what information is of interest to our stakeholders and should be included in our Integrated Report. We have thus focused in this report on the issues, opportunities and challenges that have a material impact on our business, and our ability to deliver sustained value to our shareholders and key stakeholders. We consider

an issue to be material if it can substantively affect the organization's ability to create value over the short, medium and long term.

## Page 48

[The Company's material matters influence its strategic approach and priorities.](#)

Material matters communicate Hindustan Zinc's long-term business strategies and goals, as well as its short-medium term business plans. We take inputs from all our business units and key stakeholders to identify the potential material matters, and accordingly rank the material issues in order of their relevance and potential impact. It is the Company's endeavor to ensure that its strategy remains relevant in the evolving operating environment.

## Board and Management Assurance

The Board of Directors and the Company's Management acknowledge their responsibility to ensure the integrity of this report. They believe the report addresses all the key material issues and presents the integrated performance of Hindustan Zinc and its impact in a fair and accurate manner.

## Forward-looking Statements

In this Integrated Report, we have disclosed information to enable investors and shareholders to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain information 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 all projections will be realized, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should any known or unknown risk or uncertainty materialize, 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.

## A Responsible & Focused Corporate

As a socially and environmentally committed corporate, with focused responsibility towards value creation for all stakeholders, Hindustan Zinc stands out as an organization rooted in business excellence.

### Hindustan Zinc in a nutshell

India's only and the world's leading zinc-lead-silver producer, Hindustan Zinc is an industry leader with over five decades of experience and expertise in mining and smelting. The Company is a fully integrated player with strong focus on holistic value delivery across its stakeholder fabric. With its sharp strategic thrust on continuous evolution in an ever-transforming business environment, Hindustan Zinc has a powerful edge that drives its growth and expansion.

Headquartered in the mineral-rich belt of Udaipur in Rajasthan, Hindustan Zinc has a workforce spread across the sites of its mining and smelter operations, strategically located in the state. An installed base of 485.5 MW of our coal-based captive power plant coupled with our green power capacity including 40.42 MW of solar power and 35.27 MW of WHRB ensures our power sufficiency. Moreover, our plans to revamp turbines in the future will further aid to our self-sufficiency in power.

Technology and innovation are the key propellers of our unprecedented growth, while people safety and natural resource conservation are the mantras of our holistic value proposition.

Hindustan Zinc is a subsidiary of the BSE and NSE listed Vedanta Limited (ADRs listed on the NYSE), which is a part of Vedanta Resources Plc, a global diversified natural resources company. Vedanta Limited owns 64.9% stake in the Company while the Government of India retains a 29.5% stake.



## Vision

Be the world's largest and most admired Zinc, Lead & Silver Company

## Mission

- Enhance stakeholder value through exploration, innovation, operational excellence, safety and sustainability
- Be the lowest cost producer
- Maintain market leadership and customer delight

## Values



### Entrepreneurship

Our people are our most important assets. We actively encourage their development and support them in pursuing their goals.



### Excellence

Our primary focus is delivering value of the highest standard to our stakeholders. We are constantly motivated on costs and improving our quality of production in each of our businesses through a culture of best practice benchmarking.



### Trust

We actively foster a culture of mutual trust in our interactions with our stakeholders and encourage an open dialogue, which ensures mutual respect.



### Innovation

We embrace a conducive environment for encouraging innovation that leads to a zero harm environment and exemplifies optimal utilization of natural resources, improved efficiencies and recoveries of by-products.



### Integrity

We place utmost importance on engaging ethically and transparently with all our stakeholders, taking accountability of our actions to maintain the highest standards of professionalism and complying with international policies and procedures.



### Respect

We lay consistent emphasis on human rights, respect the principle of free, prior, informed consent, while our engagements with stakeholders give local communities the opportunity to voice their opinions and concerns.



### Care

As we continue to grow, we are committed to the triple bottom line of People, Planet and Prosperity to create a sustainable future in a zero harm environment for our communities.



## Key Facts About Hindustan Zinc

### World's Largest

Underground zinc mining operations at Rampura Agucha\*

### World's 2<sup>nd</sup> Largest

Zinc-lead miner & one of the lowest-cost producers of zinc globally\*

### World's 6<sup>th</sup> Largest

silver producer\*

### 25+ Years

Mine Life#

\*As on 31<sup>st</sup> March, 2021, Source: Wood Mackenzie for global mine/smelter rankings for zinc-lead mine and cost, World Silver Institute for silver producer rankings

#Reserves & Resources (R&R) at current rate of metal production





## Strategic Priorities

S1

Expansion of  
Capacities

S2

Maintaining a  
Portfolio of Mines  
with Long Life

S3

Strengthen Cost  
Leadership

S4

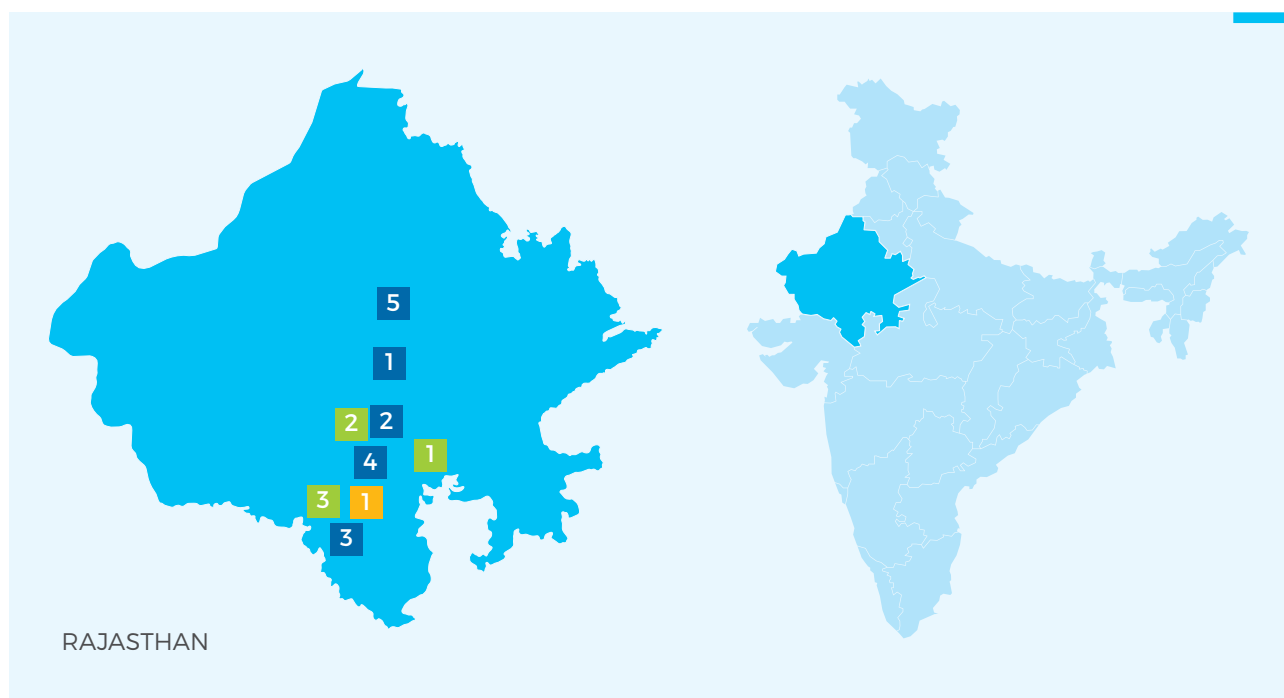
Expansion of  
Product Portfolio

S5

Transition to a  
Circular Economy

## Our Strategic Presence

The strategic locations of our mines and smelters lend us a logistics edge, enabling greater operational and cost efficiencies.



Map not to scale. For illustrative purposes only.

### Mines

- 1 Rampura Agucha Mine (RAM)
- 2 Sindesar Khurd Mine (SKM)
- 3 Zawar Mining Complex (ZM)
- 4 Rajpura Dariba Mine (RDM)
- 5 Kayad Mine

### Smelters

- 1 Chanderiya Lead-Zinc Smelter (CLZS)
- 2 Dariba Smelting Complex (DSC)
- 3 Debari Zinc Smelter (DZS)

### Headquarter

- 1 Udaipur

## Our Business at a Glance

We have strategically expanded our integrated business operations in northwest India across the business segments of Mines (Zinc-Lead Mines); Smelters (Hydrometallurgical Zinc Smelters, Lead Smelters, Pyro Metallurgical Zinc-Lead Smelter); Captive Power Plants (CPP). We are one of India's largest wind power producers with a generation capacity of 273.5 MW in five states across India.

### Mines



Mines at Rampura Agucha, Sindesar Khurd, Rajpura Dariba, Zawar and Kayad (all in Rajasthan)

Ore production

**15.5 Mt**

- World-class operations
- Best mining practices
- High safety standards
- Trained workforce

- Capacity expansion and sustaining UG operations
- Cost optimization

### Smelters & Refineries



Smelters in Chanderiya, Dariba and Debari in Rajasthan  
Zinc-Lead-Silver metal refineries at Pantnagar in Uttarakhand

Metal Capacity

**1.123 Mt**

- Fully integrated
- Strategically situated close to mines
- Optimized operations supported by captive power

- Debottlenecking of smelters
- Increase in value-added products' supply
- Better utilization of waste

### Exploration

(Reserve & Resource)



Driven by innovation & technology

Total R&R

**447.9 Mt**

- Mine life of 25+ years
- Continuous efforts to delineate & upgrade

- Augmentation of R&R base to 550 Mt
- Expansion of ore reserve to 200 Mt

### Captive Power Plants

(CPP)



Captive thermal, solar and waste heat recycling power plants

Total captive capacity

**561.19 MW**

(Thermal - 485.5 MW  
Solar - 40.42 MW  
WHRB - 35.27 MW)

- Assured supply of low-cost & reliable power to Company's operations
- Streamlined demand pattern analysis

- Continued enhancement of solar power capacity to combat climate change
- Thrust on innovation to increase thermal power capacity (more energy with same amount of fuel)

■ Strategic edge    ■ Strategic focus