

# 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.

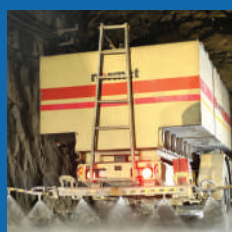


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# Our Approach to Integrated Reporting

## 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.

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[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**

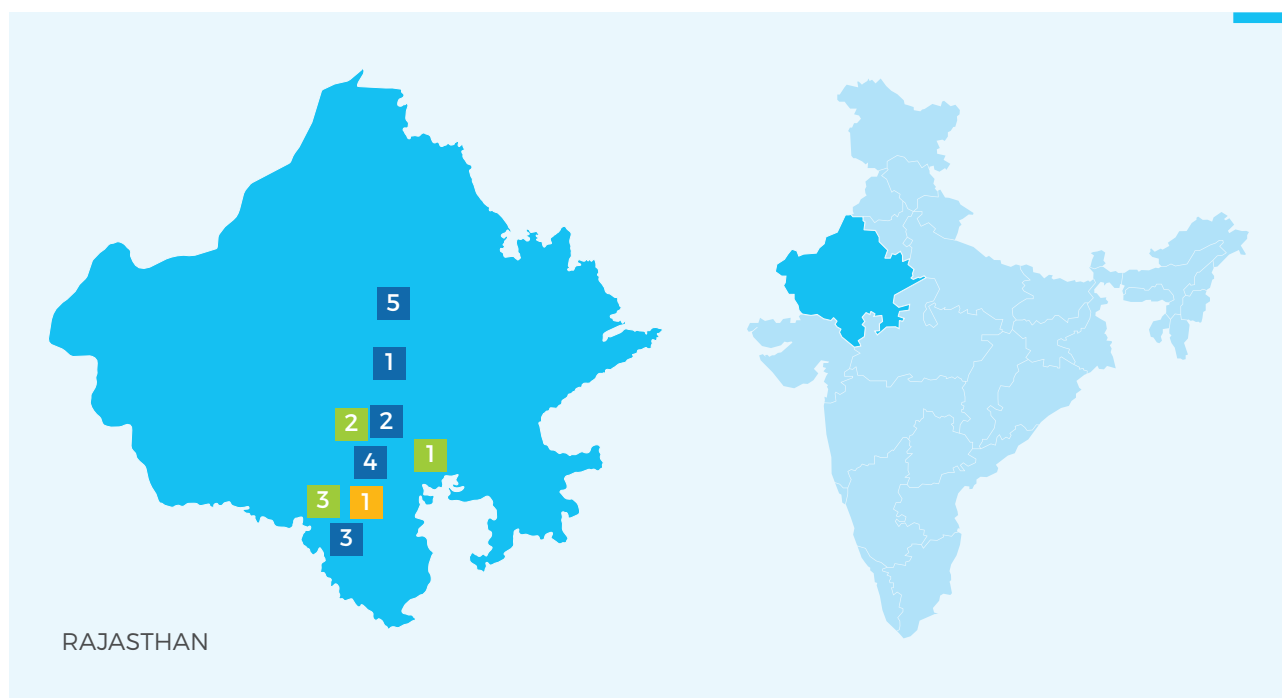
Expansion of Product Portfolio

**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

# Our Diversified Product Portfolio

## Our Product Showcase Comprises:

### Principal Products

Refined Zinc Metal, Refined Lead Metal



### By-products

Silver, Sulphuric Acid

## Refined Zinc



Production volume

**7,15,445 tons**

Revenue

**₹ 13,961 crore**

### Finds use in:

- Roadways and bridges
- Power generation and telecom
- Renewable energy
- Construction
- Railway infrastructure
- Automotive
- Others

### Value-added Products

- Continuous galvanizing grade alloy
- Die-cast alloys
- Electroplating grade alloy

## Refined Lead



Production volume

**2,14,399 tons**

Revenue

**₹ 3,281 crore**

### Finds use in:

- Storage batteries
- Construction
- Ammunition
- Power transmission

## Refined Silver



Production volume

**706 tons**

Revenue

**₹ 4,378 crore**

### Finds use in:

- Jewelry
- Cutlery
- Electrical Contacts
- Currency

### Value-added Products

- 1 kg silver bars
- Silver powder
- Silver nitrate



## Operational Assets Driving Outcomes

Our portfolio of world-class Operational Assets gives us a powerful edge in the increasingly challenging and competitive market. It has enabled us to deliver unprecedented outcomes amid the COVID-19 crisis.

### MINES

Mines	Key Stats			
	Reserve (Mt)	Resource (Mt)	Reserve Grade Zn (%)	Reserve Grade Pb (%)
Rampura Agucha Mine	42.7	34.5	11.9	1.4
Sindesar Khurd Mine	45.3	66.2	3.3	2.1
Zawar Mining Complex	31.5	111.1	3.1	1.6
Rajpura Dariba Mine	28.2	41.1	5.0	1.7
Bamnia Kalan	0	41.9	0	0
Kayad Mine	2.6	2.7	6.8	0.8

### R&R SUMMARY

Category	Key Stats			
	Tonnage (Mt)	Zn (%)	Pb (%)	Ag (g/t)
Reserve	150.3	6.1	1.7	61
Mineral Resource - Measured and Indicated	122.9	4.9	1.9	63
Mineral Resource - Inferred	174.8	5.1	2.3	66





## SMELTERS

Smelters	Key Stats			
	Pyrometallurgical Zinc Smelter (TPA)	Pyrometallurgical Lead Smelter (TPA)	Hydrometallurgical Zinc Smelter (TPA)	Lead Smelter (TPA)
Chanderiya Lead-Zinc Smelter	1,05,000	90,000	4,80,000	-
Dariba Smelting Complex	-	-	2,40,000	1,20,000
Debari Zinc Smelter	-	-	88,000	-

## SMELTING AND POWER SUMMARY

Category	Key Stats	Category	Key Stats
Zinc Smelting	9,13,000 TPA	Wind Power	273.5 MW
Lead Smelting	2,10,000 TPA	Solar Power	40.42 MW
Silver Refining	800 TPA	WHRB Power	35.27 MW
Thermal Power	485.5 MW		

### Notes:

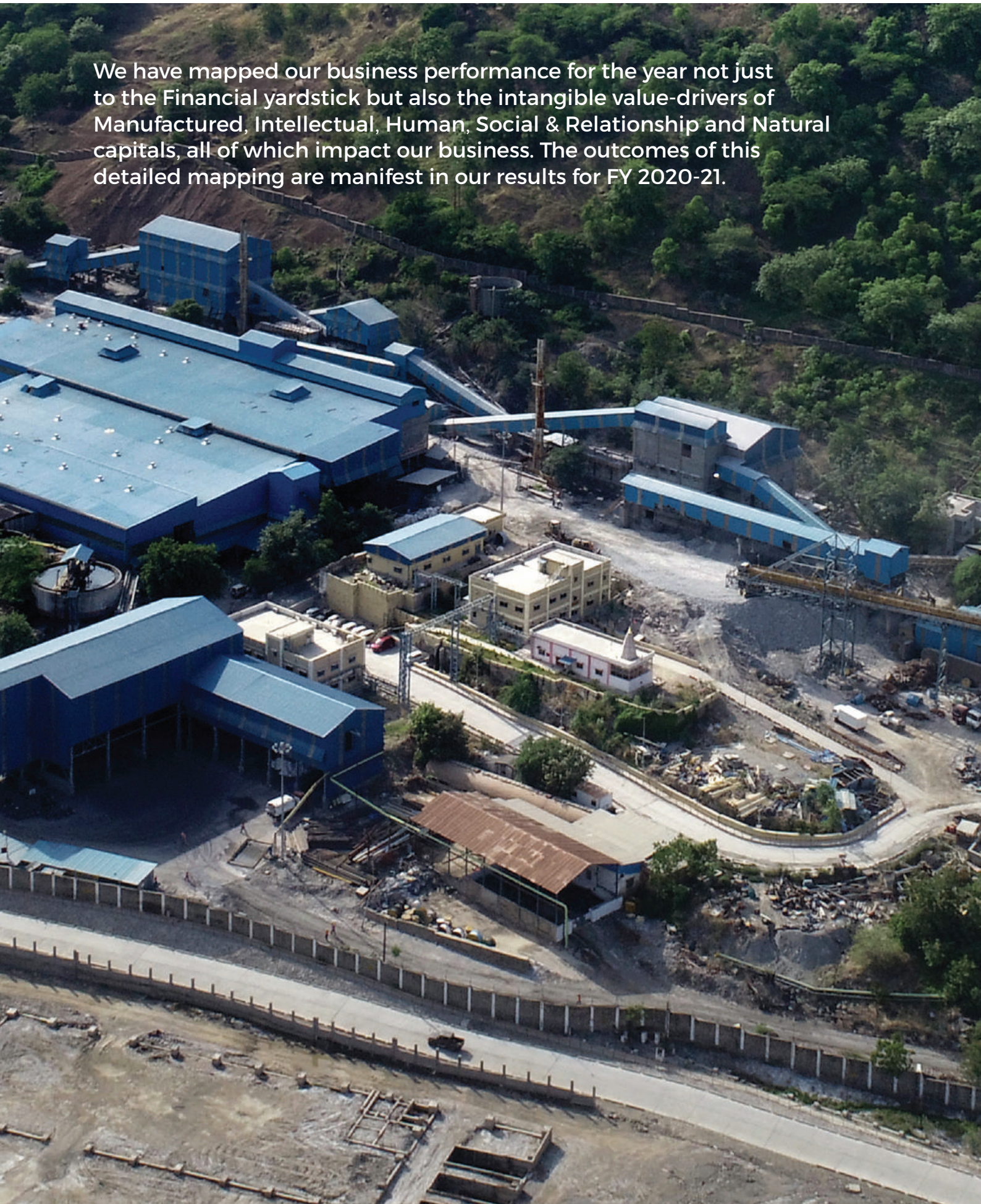
Additional facilities in Pantnagar, in the state of Uttarakhand, for processing and refining of zinc, lead and silver, which do not add to our overall smelting capacity

(TPA = Tons Per Annum)



## Focused on Capital Outcomes

We have mapped our business performance for the year not just to the Financial yardstick but also the intangible value-drivers of Manufactured, Intellectual, Human, Social & Relationship and Natural capitals, all of which impact our business. The outcomes of this detailed mapping are manifest in our results for FY 2020-21.







### Financial Capital

The financial capital available to us covers our balance sheet, profitability and cash flow, as well as operational and cost efficiencies. We employ this capital in our business to create value for our shareholders. Our financial capital defines our asset valuation and our ability to ensure higher returns for our shareholders and investors. Equity and internal accruals are our main financial resources, and we follow a judicious approach in capital allocation across our business to keep financial risks to the minimum.

**41%**

ROCE<sup>&</sup>

**52%**

EBITDA margin

**₹10,567 crore**

Operating cash flow

<sup>&</sup>Net of cash and cash equivalents

<sup>#</sup>As on 31<sup>st</sup> March, 2021



### Manufactured Capital

Our financial valuation and the RoI we deliver based on it, are directly linked with our physical infrastructure, viz. our mining and manufacturing assets. Coupled with our integrated operations, these assets are the drivers of our strong and sustainable cash flows, not just in the short term but also in the mid and long term. Our investment in our manufacturing assets is focused on maintaining a low cost of production. The key contributors to our manufactured capital strength include: 25+ years of mine life, robust reserve and resource base, high safety standards, environment-friendly sustainable operations and use of best-in-class technology.

**1.2 Mt**

Mined metal capacity (per annum)<sup>#</sup>

**800 tons**

Silver refining capacity<sup>#</sup>

**1.123 Mt**

Zinc-lead smelting capacity (per annum)<sup>#</sup>

**561.19 MW**

Captive power generation capacity<sup>#</sup>







## Intellectual Capital

Our brand image and our reputation of being a fast-growing, future-ready mining company, are driven as much by our knowledge and innovation prowess as by our assets and financial strength. Our intellectual capital gives us a competitive advantage, while helping us align our resources with our strategic approach. We are regularly investing in the development of this capital to boost our operational efficiency, enhance customer experience and empower our employees. We leverage the best-in-class technologies, backed by automation and analytics, to create an enabling environment for our business growth. Our expanding digital footprint across all our mining and manufacturing facilities has helped us enhance safety at these sites. Concurrently, it has led to optimization of their potential, enabling us to deliver high productivity at low costs. Our partnerships with reputable international institutes and global technology companies complement our efforts as we augment our future-readiness to harness the opportunities of tomorrow.

### ELECTRIC VEHICLES IN UG OPERATIONS

MoU with Epiroc Rock Drills AB (Sweden) for Zero Emission & Sustainable Mining

### COLLABORATION CENTER

100% digital monitoring of operational data

### EVOLVE

Over 1,200 orders placed by 120+ MSMEs on our ecommerce platform



## Human Capital

People are the drivers of our progressive strategy and we are constantly working towards creating a congenial environment for their talent & expertise. Learning and skill development of our people, along with their holistic growth, safety and well-being, is vital for ensuring customer and stakeholder satisfaction. Keeping our people engaged and motivated is central to our focus on our human capital. We invest in their inclusive growth, and remain committed to providing them with an engaging work culture, imbued with a value system centered on collective growth. Diversity of the workforce, especially at the executive level (given the nature of our operations), is maintained through a focused hiring process, while employee retention is a goal we are constantly working to promote.

## Grant of 2 US Patents

Potassium Antimony Tartrate technology development & Paver blocks using smelter waste

**HINDUSTAN ZINC**

**PROUD TO RECEIVE GRANT OF PATENTS ON 2 IN-HOUSE SUSTAINABILITY TECHNOLOGIES**

In our constant pursuit of innovating for a sustainable future, our teams at Hindustan Zinc have achieved a big milestone, being granted US patents for **two technologies developed in-house** by our state-of-the-art research and development centre – **ZnTech** (formerly Central Research and Development Laboratory).

**The two patents are:**

- US10844551B2 – Technology for manufacturing paver blocks from process waste material
- US 10919924B2 – Method for production of Potassium Antimony Tartrate (PAT) by utilizing Antimony bearing residues

(Also having a European Patent – EP3192882)

These patents are a testimony to HZL's culture of innovative thinking fuelled by technological advancements & excellence in operations and our belief in empowering employees to think, imagine and build smart and sustainable mines of future.

**Heartly congratulations to the team who've been pivotal in developing these patented solutions.**

Sheeba Maheshwari, Kiran K. Rokkam, Ashish Kumar, Sundar Sombhatta, Dr. V.D. Sharma, Anil Singh Shukla

**22,005**  
Total employees,  
including contractors#

**15%**  
Diversity ratio  
for executives#

\*During FY2020-21  
#As on 31<sup>st</sup> March, 2021

**1,32,904**  
Learning and  
development hours  
for executives\*

**240 Projects**  
Six Sigma projects  
undertaken by  
graduate engineering  
trainees inducted\*



## Social & Relationship Capital

With stakeholder relationships integral to our business plans, we work closely with customers, communities, people, suppliers/vendors, government and regulators, to drive sustainable value accretion for all. The quality of these relationships helps us stay relevant in the evolving business and industry environment. Our deep-rooted engagement with our stakeholders helps us make a studied assessment of their needs and aspirations, and formulate our strategies accordingly. Among the predominant areas of our social and stakeholder relationships are education, sustainable livelihood, women empowerment, health, water and sanitation, sports and culture, environment and safety.



**17,000+**

Families with SAM (Severely Acute Malnourished) and MAM (Moderate Acute Malnutrition) children were provided dry ration & Take Home Ration\*

**1,60,000+**

Children benefited from 'Khushi' Anganwadi program\*

**13,000+**

Farmers assisted through agricultural interventions\*

**15,000+**

Families benefited from sustainable livestock program\*



## Natural Capital

Natural resources being critical to the success of our business and the economic progress of the nation, we have committed ourselves to their judicious utilization and conservation. We have set for ourselves 'Sustainability Goals' for FY2025 with the aim of strengthening our natural capital to promote sustainable performance. With these clearly defined goals, we are striving to cut down on GHG emissions, remain water positive, recycle waste, foster biodiversity, ensure safety and diversity at the workplace and enable inclusive growth of the communities around which we operate. Renewable energy use is promoted through innovative interventions, while technology is extensively employed to expand the ambit of our waste recycling operations.

**2.41x**

Water positive<sup>#</sup>

**30%**

Waste recycled\*

**40%**

Water recycled\*

**2.3 MCGJ**

Units of renewable power generated\*

\*During FY2020-21

<sup>#</sup>As on 31<sup>st</sup> March, 2021



## Message from the Chairman



Even as we were all working together towards higher efficiencies and sustained growth, through our dedicated focus on our business goals, we did not lose sight of our corporate responsibility towards the community at large. Nor did we, for a moment, shift our focus away from the Sustainability Goals that we have identified as a key strategic priority to guide our future journey.



Dear Stakeholders,

The past year has been one of the most difficult in human memory. It has challenged businesses like never before, pushing them to the edge of their resilience and capabilities. Around this time last year, the world was barely coming to terms with the COVID-19 crisis. We were trying hard to understand the unprecedented threat it posed, and harder still to fight back. And yet, amidst the chaos and the uncertainty triggered by the pandemic, at Hindustan Zinc, we were confident that we would successfully overcome the short-term challenges to emerge stronger, and continue to deliver value consistently to all our stakeholders.

Today, a year on, I am happy to say that our confidence stands validated by an excellent performance. Despite the challenging operating environment, I am proud to share that we have delivered record production volumes, translating into value creation for all our stakeholders. I am pleased to

share that during this period, Hindustan Zinc has performed well on all operational, financial and non-financial aspects, despite the operational shutdown, restrictions and disruptions in 2020 to combat the spread of infections.

Needless to say, this performance would not have been possible without the stupendous efforts and hard work of our people, and the exemplary guidance of the leadership team at Hindustan Zinc. I would like to take this opportunity to thank all of them for their unwavering commitment to the organization's growth and the realization of its long-term goals and vision. Each one rose to the occasion to contribute to the Company's sustainable growth and value creation through these tough times. Our COVID war room, which we set up soon after the pandemic broke out, enabled us to resume operations in a safe and seamless manner after the lockdown period. Extensive protocols were put in place to safeguard all our employees, including our contractors at the workplace as well as in residential

colonies. I am happy to report that we succeeded in ramping up our operations to normal levels by May 2020.

It has been our consistent and resolute effort to strengthen the foundation of our core operations and our delivery on volumes, while bringing down the cost through various initiatives. We successfully achieved this on the back of our streamlined operating processes and an organization-wide culture of detailed planning and efficient execution. Our structural cost reduction initiatives have helped bring down costs to sustainably low levels, while our firm focus on free cashflow generation through working capital optimization has enabled us to deliver industry-leading shareholder returns.

Even as we were all working together towards higher efficiencies and sustained growth, through our dedicated focus on our business goals, we did not lose sight of our corporate responsibility towards the community at large. Nor did we, for a moment, shift our focus

away from the Sustainability Goals that we have identified as a key strategic priority to guide our future journey. In fact, with the pandemic impacting the vulnerable sections of society the hardest, we sharpened our focus on ensuring livelihood, health and safety of the communities whom we are supporting through our CSR initiatives.

Our CSR team worked on the ground to support both life and livelihood through extensive focus on ensuring availability of food, sanitation and much-needed health services. It gives me immense satisfaction that we could extend our support to the nation by supplying medical grade oxygen amid the desperate phase of shortage during the menacing second wave of the pandemic.

Our COVID-19 mitigation efforts, which are still ongoing, were widely acknowledged and recognized, and we are humbled to receive the CSR Health Impact Award by the 'Integrated Health and Wellbeing Council', as a mark of appreciation for our exceptional response to the pandemic.

At the same time, we continued to remain firmly focused on the safety and sustainability of our operations, in line with the organizational culture that is deeply ingrained in all our systems and processes. This is a vital aspect of our business, which we pursued actively even amid the complexities of operating during the COVID-19 crisis. The acknowledgment of our efforts on this front found endorsement in the form of various recognitions we received during the year, most notable being Hindustan Zinc's inclusion in the list of A-rated companies for climate change carbon disclosure project. What is really

exciting about this feat is that we are the only two companies in the metal and mining sector across the globe which scored A-rating for this project.

I am also glad to inform you that Hindustan Zinc has maintained its first position in the Asia-Pacific region in the metal and mining sector for the third consecutive year and has been ranked 7<sup>th</sup> globally in the metal and mining sector in the Dow Jones Sustainability Index. I also feel humbled to share that Hindustan Zinc is a part of the business leaders group - COP26, which is actively engaged in shaping the agenda for the 26<sup>th</sup> meeting of countries that signed the United Nations' Framework Convention on Climate Change, to be held at Glasgow, UK, in November 2021. Another inspirational achievement that I am pleased to share is that the Company has won the CII Environmental Best Practice Award 2020 under the 'Most Innovative Environmental Projects' category.

Further, it gives me great pride and satisfaction to inform that our 22-megawatt solar power project at Rampura Agucha, 12-megawatt at Debari and 4-megawatt at Dariba are all registered under the Gold Standard - the most rigorous certification given globally for carbon offset projects. It is evaluated based on net positive contribution towards economic development, employment opportunities, environmental and social welfare of the local population that hosts the project. Moreover, we have utilized wasteland at all locations for solar panel installation. With this, our complete portfolio of renewable power is registered under the Gold Standard. Coupled with our 2.41x water positivity, this is indeed a matter

of pride and a strong motivation for us to continue to invest in sustainable growth practices for the collective good of all.

At Hindustan Zinc, we hold the welfare of the communities surrounding our operations very close to our heart and always strive to make a difference to the lives of people in the villages in our vicinity. During the pandemic, we scaled up our engagement with the community by reaching out to the most vulnerable sections with food rations/ready meals, healthcare and online education support, among others. In this endeavor, we were actively supported by our employees, who volunteered to help out in large numbers. I am also proud to share that Hindustan Zinc has been identified as a responsible business of the year for its outstanding work in community development and awarded with Grant Thornton SABERA 2020.

Before I conclude, I would like to extend my gratitude to all members of the Board, the leadership team and all our stakeholders for steering our vision and commitment towards collective sustainable and sustained growth. With your cooperation, we shall continue to accelerate towards the fulfillment of our goals, while supporting the Government in the realization of its vision of an 'Atmanirbhar Bharat'. I am confident that with your continued trust and support, we shall stay on course to deliver many more excellent results in the future.

Sincerely,

**Kiran Agarwal**



## CEO's Message



Our unwavering focus on 3S – Safety, Sustainability and Smart Mining, helped us deliver unprecedented outcomes in the form of record volumes and profitability during FY2021. The increased use of cutting-edge technology and digitalization, coupled with continuous adoption of best practices from across the globe, helped us in delivering target run-rates, while also staying at the lower end of the global cost curve. Innovation, streamlining consumption, better planning, operational discipline, sustained cost optimization efforts, strict capital allocation, favorable commodity sourcing, redesigning and renegotiating some of our contracts and rigorous benchmarking further helped us push the bar of excellence.



Dear Stakeholders,

We all lived through extraordinary stories during the pandemic and, as the management team, it was no different for us. The crisis challenged us to strike a fine balance between lives and livelihoods, as we negotiated our way through the problems triggered by COVID-19. From ensuring business continuity amid the massive disruption in operations resulting from

lockdown during the first wave of the COVID-19 pandemic, we moved quickly during the more fatal second surge in the first quarter of FY2022 to securing both, lives and livelihoods.

The second wave, which hit the country even as we were adapting to the new norms of business, necessitated a fresh look at our strategic approach. While the first COVID-19 wave had caused

large-scale absenteeism and supply chain disruptions, thus impacting business operations, the second one saw considerable loss of lives and immense suffering for our people. Thus, even as we continued to focus on business continuity to protect livelihoods, we gave healthcare equal focus and immediately made necessary arrangements ranging from free hospitalization for our employees to getting

insurance cover for both employees and Business Partners. We also supplied medical grade oxygen in the state of Rajasthan.

The crisis emerged as an opportunity to think afresh, re-energize, refocus and be better than yesterday. It has tested the mettle of our people and inspired each one of us to think out-of-the-box and shift perspective in line with changing realities. I believe that our true strength, in these difficult times, lies in redesigning work systems and processes with agility, focusing on innovation, as well as continuous evolution and adaptation to new ways of working around it. This is critical to keep the wheels of economy turning.

I am truly pleased to report an unprecedented performance amid the highly challenging environment. Despite the trying circumstances in which we operated amid the COVID-19 pandemic, we succeeded in delivering excellent numbers during the year under review. Among the notable milestones we witnessed was the highest ever ore production of 15.5 Mt, supported by proactive mine planning, which was driven by increased use of technology and better targeting. We also delivered the highest ever annual silver production of 706 tons. Our mined metal production was up 6% from a year ago to 972 kt, on account of higher ore production, resulting from better mine planning that was partially offset by overall low grades. Our annual cost of production was the lowest ever since the Company's transition to underground mining operations in March 2018. I take immense pride in the resilience of our people and assets, which made these accomplishments possible. Their unrelenting efforts and swift execution on the ground exemplified the superiority of human mettle and courage under testing times.

### Growth Plans on Track

Keeping our operational goals and targets on track in this challenging environment was not, by any yardstick, an easy task. However, our judicious and timely interventions helped us ensure safe operations in these extraordinary times, which disrupted and interrupted mining activities across the world, thereby impacting global supply.

I am happy to share that we received environmental clearance for Zawar mine expansion from 4 Mtpa to 4.8 Mtpa. The Chanderiya Zinc Smelter also received environmental clearance for expansion from current 0.42 Mtpa to 0.50 Mtpa. Further, both the backfill plants at Zawar Mala and Mochia Mines were commissioned during the year.

We see our silver journey to 1,000 tons in the coming years being driven by higher production from existing and new silver-rich deposits and also by enhancing process recovery. This will pave the way for us to become one of the top three silver producers in the world.

### Building on Our 3S Foundations Ensuring Safety of Our People & Operations

Safety of our people and operations continued to be our topmost priority during the year. We remain committed to ensuring safe functioning across our operations and facilities, and are continually investing in strengthening the organization-wide safety framework.

### Focused on Sustainability for Future Growth

Cognizant of the fact that in the fast-changing world, only holistic and balanced approach towards growth will help us deliver on our operational and financial objectives, we continued to focus resolutely on our ESG commitments

and sustainability goals. As a responsible corporate, we directly touched lives of 7,00,000 people during these COVID times through enhancement of the local economy and improving their quality of life through our sustained social initiatives.

Taking inspiration from the global best practices to stay ahead of the curve, we have been investing sustainably in the development of processes that are well designed to incorporate both financial and sustainable aspects in day-to-day business decision-making. These have started to show some green shoots, and we shall continue to strengthen them as we move forward on our growth trajectory. We shall continue to focus unwaveringly to deliver on Sustainability Goals 2025 that we set for ourselves last year. Through turbine revamping across all our CPPs, we will be able to reduce our total GHG emission by 0.25 MtCO<sub>2</sub>e and it will help us move closer to the realization of our goal to cut down 0.5 MtCO<sub>2</sub>e GHG emissions by 2025.

Being a power-intensive business, our key focus is also on reducing dependence on non-renewable sources of energy. I am happy to share that we have signed an MoU with Epiroc for Battery Electric Vehicle that makes us India's first mining company to use BEV in underground mining operations. Besides enabling significant reduction in carbon emissions, this will help in reducing the downtime required for ventilation, thereby improving operational efficiency as well.

I am elated to share that Hindustan Zinc has featured in the Sustainability Yearbook for the fourth consecutive year, and also in the CDP Annual Report for being amongst the four Indian companies to be rated 'A' in climate change CDP 2020. Additionally, we are also part of



the 'CII Working Group' to drive Accelerated Climate Action by Indian businesses and actively engaged in promoting climate actions in India.

Certified in FY2020 as a 2.41 times water positive company, Hindustan Zinc continued to engage, during the year, in focused initiatives to recycle water in Rajasthan. We are aggressively exploring alternative water sources, as well as alternatives for use of water in the state.

### Scaling Growth through Smart Mining

Recent years have seen automation and digitalization emerge as the key pillars driving growth not just for your Company but for businesses around the world. We believe these pillars will steer our future growth and remain firmly focused on enhancing and expanding our technological and digital footprint.

In line with this commitment, we augmented the digital touchpoints in our mines and automated additional systems and processes during the year. With the launch of the first-of-its-kind e-commerce platform for non-ferrous metals called 'EVOLVE', we were effectively able to reach out to MSME customers with live London Metal Exchange benchmarked prices, and as low as 1 ton delivery for zinc and lead metals with a unique offering of live pricing. In just six months of launch, the online platform has crossed 5,500 tons of sale of metal to over 120+ MSMEs.

Going forward, we shall continue to leverage digitalization to

drive increased productivity, efficiencies and performance, while making our mines and workplaces safer for our people.

### Geared for the Future

The unprecedented outcomes that we delivered in this environment were the result of our concerted focus on delivering efficient, sustainable and sustained growth across our business fabric. This commitment and focus shall continue to lead our strategic approach as we move proactively towards harnessing the growth opportunities of the future.

As we enter into the next year, we are cognizant of the risks that surround us from the possibility of a new wave of infection. These headwinds may include, in an extreme case, the possibility of interruptions in operations for our customers to tapering of end user demand. However, given the way we overcame challenges in the past year with well-established management systems, processes and risk mitigating measures, coupled with agile thinking and swift action, we remain cautiously optimistic about handling such situations in the future with confidence and resolving them in the best possible manner.

Our learnings of the past one year have also prepared us to effectively combat current and future challenges through risk mitigation measures centered on both business sustainability and healthcare. We have already rolled out plans for 100% vaccination of our employees, business partners and their families to protect them from serious infection. We are also

strengthening our medical care support systems as we gear up to tackle any future eventuality.

Concurrently, we are continuously reorienting our systems and processes, with detailed risk analysis, to stay on track with our expansion and growth plans in the evolving external eco-system. I am confident that these measures will enable us to successfully walk the tightrope between protecting lives and livelihoods, going forward.

I look forward to a better world with vaccination programs across the globe swinging into action. Major Indian steel manufacturers are already signaling tremendous improvement in pricing environment, partly due to supply side constraints, while also indicating strong growth and investment potential ahead in the business. The Government thrust on infrastructure development is likely to translate into increased demand for zinc going forward and we hope to see growing zinc consumption in the Indian market in FY2022.

We are very excited about our next phase of expansion to take mining capacity from 1.2 Mtpa to 1.35 Mtpa. Our previous track record of delivering on our goals through meticulous planning and excellent execution gives me immense confidence to embark on the next phase of our progressive journey.

Sincerely,

**Arun Misra**







# Key Performance Indicators

## Outcome of Our Focused Initiatives

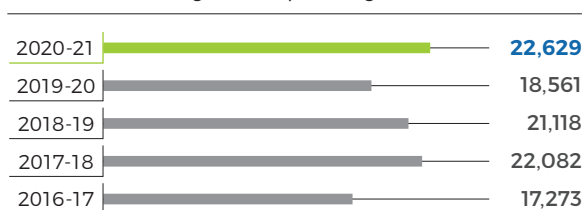
Our commitment to value creation and delivery for all our stakeholders is the driving force behind the excellent KPIs we have been reporting, year-on-year.



### Business Activities

#### Revenue from Operations<sup>§</sup>

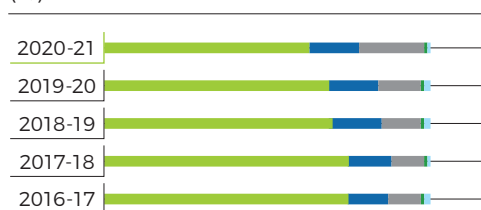
(₹ crore) (including other operating income)



	2016-17	2017-18	2018-19	2019-20	2020-21
(\$ mn)	2,575	3,426	3,022	2,619	3,054

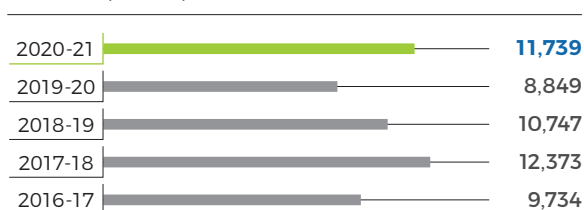
#### Revenue Mix

(%)

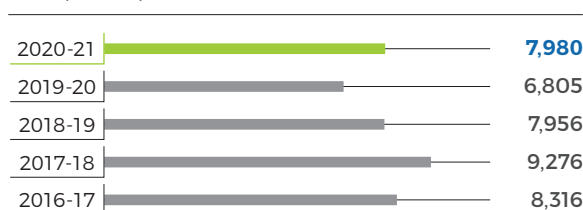


	2016-17	2017-18	2018-19	2019-20	2020-21
Zinc	75	75	70	69	63
Lead	12	13	15	15	15
Silver	10	10	12	13	20
Wind Energy	1	1	1	1	1
Others	2	1	2	2	1

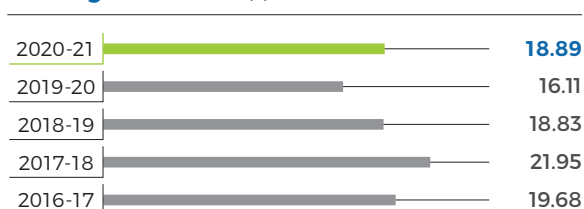
#### EBITDA (₹ crore)



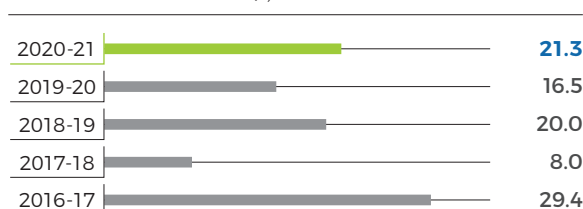
#### PAT (₹ crore)



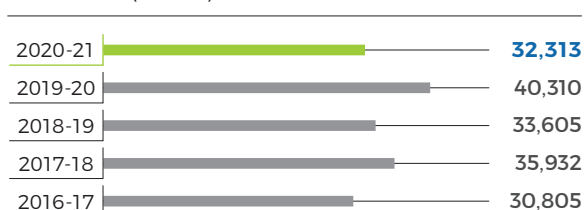
#### Earnings Per Share (₹)



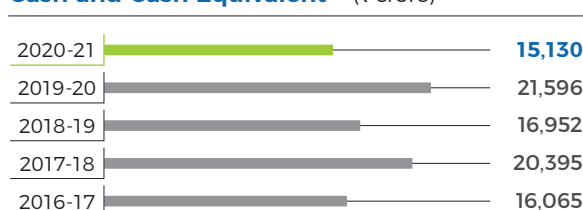
#### Dividend Per Share (₹)



#### Networth (₹ crore)



#### Cash and Cash Equivalent\*\* (₹ crore)



**Mined Metal** (tons)

	2016-17	2017-18	2018-19	2019-20	2020-21
Zinc	7,55,964	7,73,015	7,28,498	7,20,060	<b>7,55,849</b>
Lead	1,51,020	1,74,368	2,07,190	1,97,041	<b>2,16,127</b>

**Total Refined Metal\*\*\*** (tons)

	2016-17	2017-18	2018-19	2019-20	2020-21
Zinc	6,71,988	7,91,461	6,96,283	6,88,286	<b>7,15,445</b>
Lead	1,39,009	1,68,247	1,97,838	1,81,370	<b>2,14,399</b>

**Refined Silver\*\*\*** (tons)

2020-21	<b>706</b>
2019-20	610
2018-19	679
2017-18	558
2016-17	453

\$ Net of excise duty till FY 2017-18

\*\* Includes cash and cash equivalents, other bank balances excluding dividend account balance, borrowings and current investments as applicable

\*\*\* Excludes captive consumption

**Key Performance Ratios****EBITDA Margin** (%)

2020-21	<b>52%</b>
2019-20	48%
2018-19	51%

**Description**

Earnings before interest, tax, depreciation and amortization (EBITDA) is a factor of volume, prices and cost of production. This measure is calculated by adjusting operating profit for special items and adding depreciation and amortization and dividing it by revenue from operations.

**Management Statement**

EBITDA margin increased from 48% in FY2020 to 52% in FY2021 primarily due to increase in revenue from operations on account of higher LME prices and lower costs.

**Net Profit Margin** (%)

2020-21	<b>35%</b>
2019-20	37%
2018-19	38%

**Description**

This is a measure of the profitability of a company. It is calculated as a ratio of net profit (before exceptional items) to total income.

**Management Statement**

Net profit margin is lower on account of higher revenue offset with higher depreciation charge, finance cost and higher tax expense (as a result of the one-time reversal of deferred tax in FY2021).



### Return on Capital Employed (%)

2020-21		<b>41%</b>
2019-20		29%
2018-19		41%

#### Description

This is calculated on the basis of operating profit net of tax expenses, as a ratio of capital employed. The objective is to earn a post-tax return consistently above the weighted average cost of capital.

#### Management Statement

Increase in ROCE is mainly on account of higher EBITDA and lower capital employed base due to payment of interim dividend in FY2021.

### Debtor Turnover Ratio

2020-21		<b>58</b>
2019-20		62
2018-19		111




#### Description

The debtors' turnover ratio is an accounting measure used to quantify a company's effectiveness in collecting its receivables. This is calculated as a ratio of revenue from operation to average trade receivables.

#### Management Statement

Reduction in debtor turnover ratio is on account of higher revenue in FY2021.

### Inventory Turnover Ratio

2020-21		<b>8</b>
2019-20		7
2018-19		8


#### Description

The inventory turnover ratio is an efficiency ratio that shows how effectively inventory is managed. This is calculated as a ratio of cost of goods sold to average inventory.

#### Management Statement

Inventory turnover ratio was marginally higher on account of lower inventory levels.

### Current Ratio

2020-21		<b>3</b>
2019-20		5
2018-19		3




#### Description

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. This is calculated as a ratio of current assets to current liabilities.

#### Management Statement

Current ratio is lower due to higher borrowings due in next 12 months.

### Interest Coverage Ratio

2020-21		<b>30</b>
2019-20		79
2018-19		95




#### Description

The ratio is a representation of the ability of the Company to service its debt. It is computed as a ratio of EBITDA divided by finance costs.

#### Management Statement

The interest coverage is lower on account of higher finance cost owing to increase in average borrowings of NCDs and term loan.

### Return on Net Worth (%)

2020-21		<b>22%</b>
2019-20		18%
2018-19		24%

#### Description

It is a measure of the profitability of the Company. This is calculated as a ratio of net profit (before exceptional items) to net worth (share capital + reserves).

#### Management Statement

The return on new worth is higher on account of higher net profit.

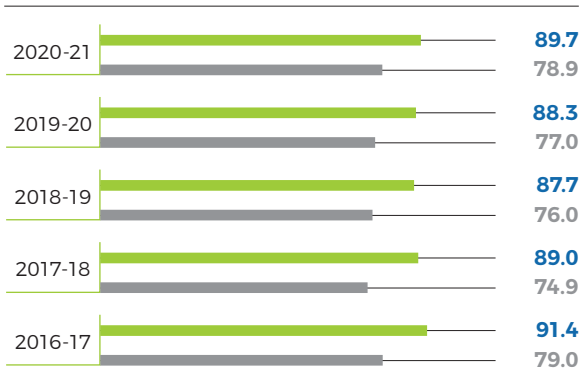


## ESG Outcomes

Our Environmental, Safety & Governance (ESG) focus has enabled us to deliver sustained performance and growth across key ESG metrics. We are continuously working towards reducing our Carbon Footprint and lowering the impact of our business on environment through our concerted efforts. These efforts are aimed at improving operational efficiencies, ensuring optimal utilization of natural resources, and increasing the use of renewable energy in our plants and processes. Safety and health of our workforce, and at our workplace, is central to our ESG strategy.

### Metal Recovery Performance

#### Mill Recovery (%)



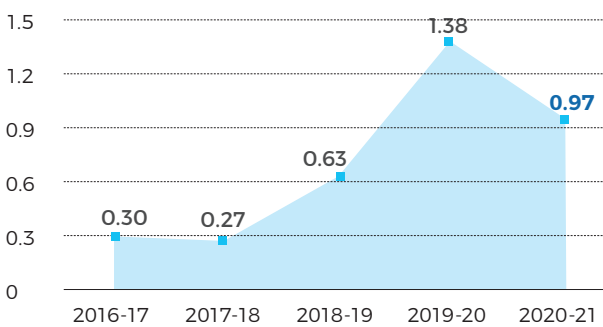
#### Smelter Recovery (%)



■ Zinc ■ Lead

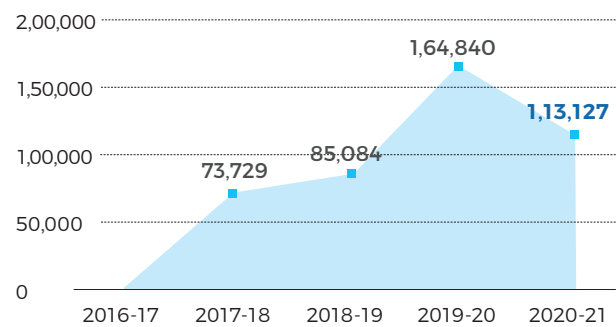
#### Lost Time Injury Frequency Rate (LTIFR)

(number per mn hours worked)

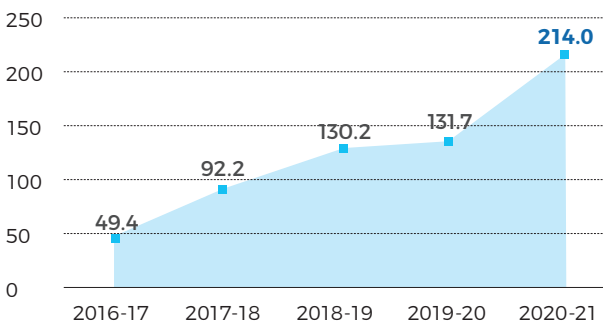


#### Employee Trainings

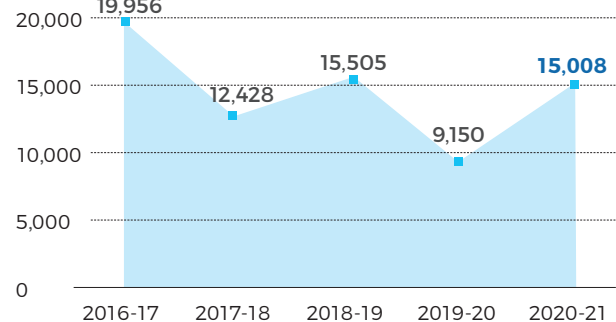
(man-hours)



#### CSR Spend (₹ crore)



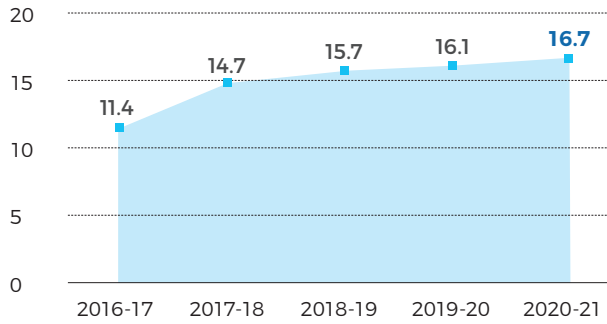
#### Contribution to Exchequer\* (₹ crore)



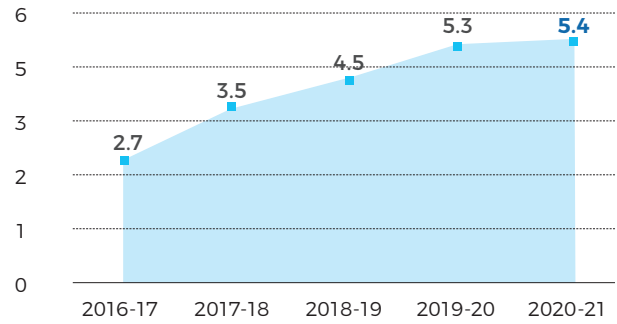
\*on gross basis



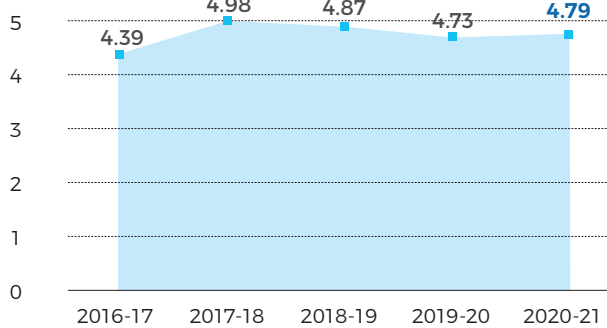
**Water Recycled** (mn m<sup>3</sup>)



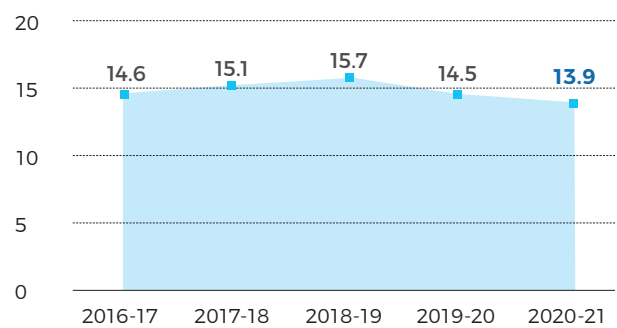
**Waste Recycled** (Mt)



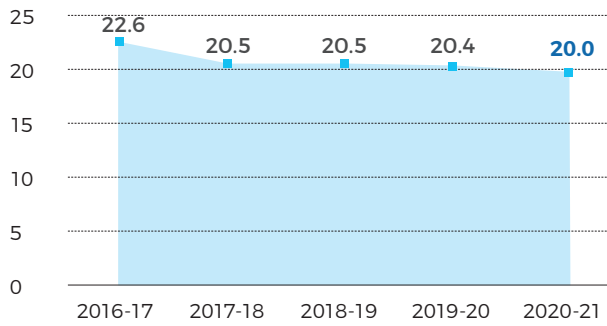
**GHG Emission: Scope 1 + Scope 2** (MNtCO<sub>2</sub>)



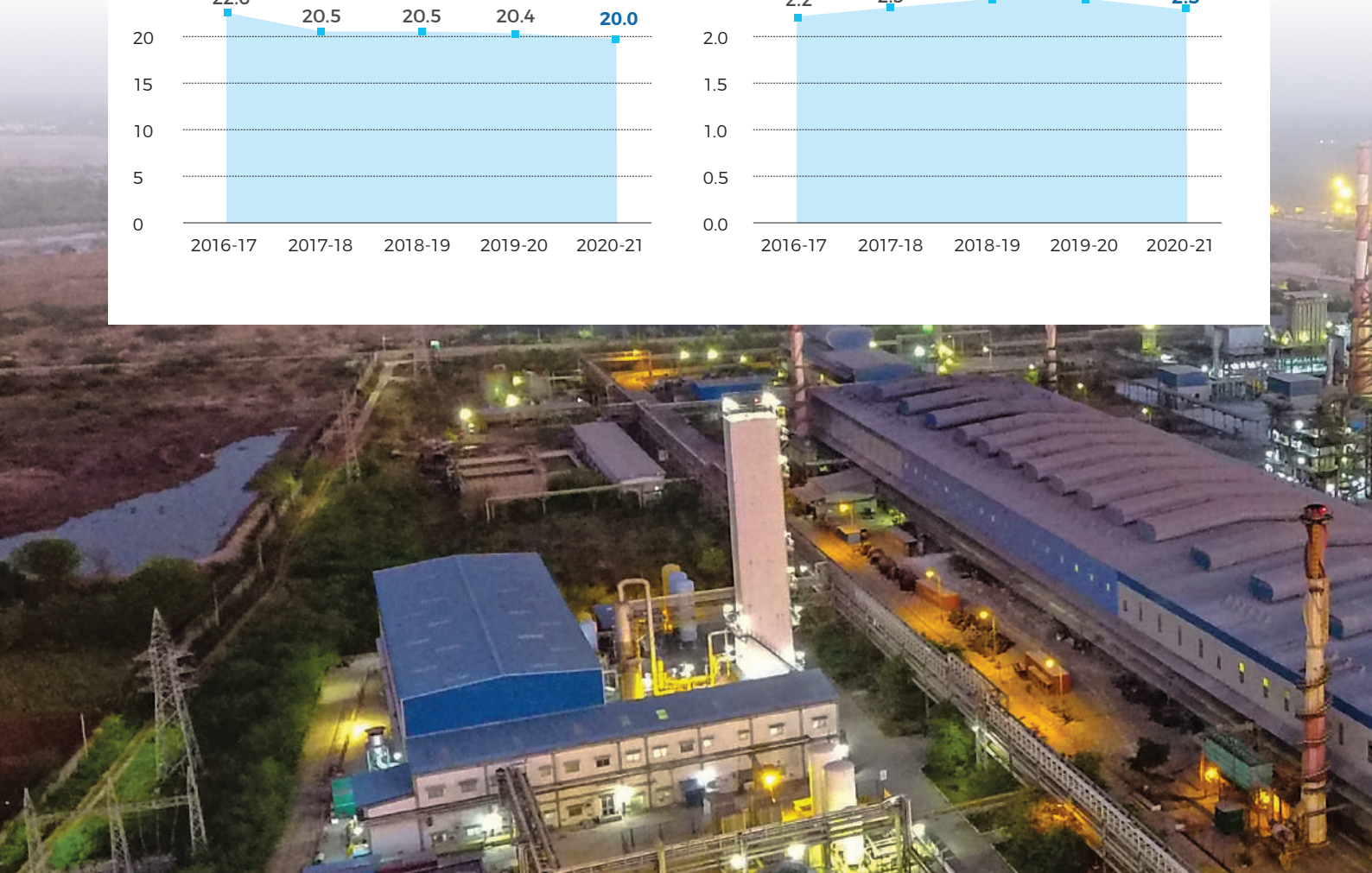
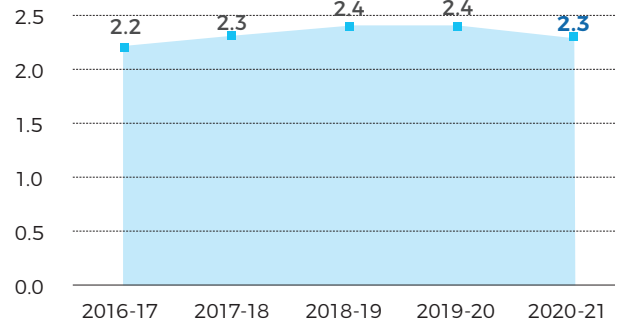
**Specific Water Consumption** (m<sup>3</sup> per ton of metal)



**Specific Energy Consumption** (GJ/ton of metal)



**Renewable Power** (Wind+WHRB+Solar) (MGJ)





## Economic Value Added

Economic value added (EVA) is a measure of a company's financial performance based on income generated post charging for the cost of capital provided by lenders and shareholders. It represents the value added for the shareholders by generating operating profits in excess of the cost of capital employed in the business.

	(₹ in crore)			
	2020-21	2019-20	2018-19	2017-18
Equity	<b>32,313</b>	40,310	33,605	35,932
Capital employed	<b>17,183</b>	18,714	16,652	15,537
Average capital employed	<b>17,948</b>	17,683	16,095	15,139
<b>Economic Value Added</b>				
Net operating profit after taxes (NOPAT)	<b>7,031</b>	5,408	6,774	8,140
Cost of capital (CoC)	<b>2,131</b>	2,442	2,504	2,000
<b>Economic Value Added (EVA)</b>	<b>4,900</b>	2,966	4,270	6,140
NOPAT/Average capital employed (%)	<b>39.2%</b>	30.6%	42.1%	53.8%
Weighted average CoC (%)	<b>11.9%</b>	13.8%	15.6%	13.2%
<b>EVA / Average capital employed (%)</b>	<b>27.3%</b>	16.8%	26.5%	40.6%

### Additional Information

**NOPAT:** Net operating profit after tax (NOPAT) is a financial measure that shows how well a company performed through its core operations, net of taxes. Calculated as Profits after depreciation and taxes, but before interests.

**Cost of Capital:** Cost of Capital is the return expected by investors to compensate them for the variability in returns caused by fluctuating earnings and share prices.

**Capital Employed:** Capital employed in the business is exclusive of net cash and cash equivalents.





# Staying Unwavering During COVID-19 How We Responded to the Crisis!

The unprecedented COVID-19 crisis has posed some industry and business defying challenges across the world. FY2021 witnessed suspension of business operations due to the lockdown in April 2020. It was followed by exceptional workforce-related restrictions and safety measures that had to be put in place through the rest of the year. It was a year that saw some mine closures globally, coupled with new project delays.



## The Challenge

This unparalleled macro environment necessitated unique interventions to manage operations effectively, while complying strictly with COVID-19 safety protocols. It required a new level of efficiencies to be brought in, with strict cost controls to deliver a positive performance amid the new normal. It also needed a strong focus on sustainable community growth, backed by fiscal prudence, to deliver excellence in performance.



## Our Response

Ensuring the health and safety of our people and communities was our top priority in the new environment. We engaged closely with both, to minimize the impact of the pandemic on their lives. At the same time, with our financial strength, operational expertise and agility, we were quick to adapt to the changes in the business environment, bringing business quickly back on track as operations resumed through May-June 2020. We made adequate investments to ensure that our operational assets remained secure and continued to operate reliably, to deliver unprecedented outcomes. The COVID war room that we set up soon after the pandemic broke out proved vital in enabling us to get our operations back to normalcy, seamlessly and expeditiously, once the lockdown restrictions were lifted.



## Community Interventions

With our communities close to our hearts, we intensified our CSR activities during COVID-19 times to ensure that the lives of people in our command areas were not disrupted. In line with our commitment to their welfare, we quickly aligned our initiatives with their immediate needs.

At the same time, we made significant contributions towards PM CARES Fund and Rajasthan State Mitigation Fund as part of our CSR efforts during this period.

### Food Security at Grassroots Level

We provided dry ration to ~1 lac and ready-to-eat meals to 9 lacs daily wage earners and community people. About 3,269 Sakhi members and 400 Samadhan farmers collectively set up a grain bank of over 16,720 kg. In addition, our community kitchen served cooked food to 7,000 women and migrant workers.

### Launched “Koi Bacha Rahe Na Bhookha Campaign”

Around 17,000+ Severe Acute Malnourished and Moderate Acute Malnourished children families have been supplied dry ration and Take Home Ration with the help of Anganwadi workers and Accredited Social Health Activist (ASHA) workers.

### Ensured Health Security

Nearly 1.3 lacs masks and body suits were stitched by Sakhi, generating over ₹ 8 lacs in income. More than 1 lac PPEs (masks, safety goggles, disposable thermometer, face shields etc.) and 25,000 liters of Sodium Hypochlorite solution were provided to the Health Administration. Our Khushi team provided around 3,080+ PPEs on need basis to frontline workers (AWWs [Anganwadi Worker] & ASHAs) and 9,490+ masks to needy families. In addition, sodium hypochlorite was sprayed in more than 180 villages.

### Health Program

Awareness camps on precautionary measures against COVID-19 were conducted in nearby villages. Various sections of the community were engaged through these camps and awareness was spread regarding hygiene practices. In addition, sensitization drives were conducted through banners in 138 villages and a signature campaign where people pledged to follow the necessary hygiene practices to combat COVID-19. Mobile Health Vans were also used to communicate the message. These activities were carried out before a complete lockdown was imposed. In all, 540 camps were conducted, covering more than 16,335 beneficiaries.

### Farmer Awareness on Prevention

We reached out to 3,600+ farmers to create awareness through digital and online messages on preventive measures during farm visit/work for harvesting amid COVID-19.

### Volunteering for COVID-19

About 62 employees and employee relatives signed up for volunteering for relief activities during the COVID-19 lockdown, including purchase and distribution of dry ration in local communities, feeding stray animals and mask-making. Additionally, 23 employee spouses voluntarily stitched close to 2,000 cloth masks during the lockdown, that were distributed to employees and in local communities.

We engaged extensively with District Officials, Local Community Representatives, SHG Members and Union Members to carry out these substantial response measures. Our senior management is in direct connect with the community at the grassroots level to better understand the concerns of the people and provide immediate solutions.

Hindustan Zinc received CSR Health Impact Award by 'Integrated Health and Wellbeing Council', as a token of appreciation for its exceptional response and on-ground work with extensive focus on life, livelihood and helping mitigate the impact of COVID-19 pandemic.



### Fiscal Interventions

To keep costs under check was a major challenge during these tough times, but with our judicious approach and prudent initiatives, we were successful in achieving this goal, while continuing to keep our debt cost low.

We are also constantly working towards the resilience of our assets, so as to deliver consistent shareholder value throughout the economic lifecycles. Our strength, in these uncertain times, lies in delivering strong free cash flow from operations, so that we can continue to invest in the growth of our business and consider new projects, while also giving consistent returns to our shareholders.

The outcome we delivered during FY2021 were largely the outcome of our focused initiatives across the fabric of our business, as well as our firm commitment to sustain value delivery to all our stakeholders.

As part of our continued community impact initiatives amid the resurgent second wave of COVID-19, we have initiated various new measures at the start of FY2022 in solidarity with the efforts of the State Government and local governing bodies.



### Oxygen Support

The Dariba Smelter team erected and installed an Oxygen plant with 500 cylinders per day capacity in Rajsamand in a record time of five days, to cater to the Oxygen demand of hospitals not just in Rajsamand and Udaipur but also Jodhpur.



### Oxygen Concentrators

To ensure continuity of supply of Oxygen at various Districts & Block level COVID care centers, Hindustan Zinc extended 570 Oxygen concentrators to Rajasthan & Uttarakhand State Governments. Further, generators were also provided where there was irregularity in supply of Electricity.



### COVID Field Hospital

Established a 350-bedded COVID Hospital by transforming DAV school and also built a 100-bed makeshift hospital at Dariba Rajsamand.



## Drivers of Our Efficiency Outcomes

The excellent outcomes we reported during FY 2020-21 were the result of some exceptional measures that we took amid the pandemic. They were the outcome of our proactive efforts to optimize operational and cost efficiencies, while staying true to our commitment on our sustainability goals.

Despite the COVID-19 crisis, Hindustan Zinc delivered one of its best years in terms of operational and cost efficiencies. These outcomes were the result of the various targeted initiatives we took through the year.

### Optimizing to Control Costs

Driving our efforts through the year was our unwavering commitment to continued and consistent value creation and delivery for our stakeholders. While markets around the world struggled to cope with the demand crisis, which triggered cost escalations for many mining companies, we were able to successfully manage our costs at low levels. We also succeeded in keeping our cash cost of production at the lowest levels since we transitioned to underground mining operations in March 2018.

This was, in large measure, the result of our continued efforts to strengthen the foundation of our core operation and our delivery on volumes, while structurally bringing down the cost through various initiatives.

These initiatives included efforts on all the major counts, including consumption, contracting, procurement and fixed cost optimization.



### Long-term Value vis-à-vis Shareholder Returns

The fact that we were able to keep costs in control despite higher mine development expenditure underscores the excellence of our strategic focus, which is a delicate balance between generating long-term value and distributing returns to our shareholders.

We remain consistently focused on the resilience of our assets so as to deliver consistent shareholder value throughout the economic lifecycles. In these uncertain times, our strength lies in delivering strong free cash flow from operations, which enable us to invest in the growth of our business and consider new projects, while also giving consistent returns to our shareholders.





### Focus on Sustainable Growth

In line with our commitment to sustainable growth, we embarked on the development of several processes that incorporate both financial and sustainable aspects in our day-to-day business decision-making. We also kept our guidance on CAPEX intact, with our focused approach of exercising prudence in an uncertain business environment and striking a delicate balance between investing in growth, while conserving cash.

### Harnessing the Power of Technology

In our endeavor to boost operational and cost efficiencies, we continued to make extensive use of technology throughout the year. Besides continued investments in technological upgradations and digitalization at our mines, smelters, refinery and other facilities, we strengthened our EVOLVE e-commerce platform to effectively reach out to MSME customers with live, exchange benchmarked prices and as low as one ton delivery for zinc and lead metals.

As we surge forward towards increased efficiencies and even better outcomes, backed by excellent returns and value delivery for our stakeholders, we shall remain dedicatedly focused on pushing the bar of technology and cost control, across our business value chain.





# Expanding Our Digital Footprint to Deliver Smarter Outcomes

Our focused initiatives in the digital domain continued to steer smart growth across all the key parameters during the year. We remain committed to leveraging digital and technological advancements to boost mining and operational efficiencies through better management of systems and processes on the ground.

During FY2021, we undertook several proactive measures to further scale up our existing digital initiatives, namely:

## DRISHTI

Connected Mines: Real-time

## NORTH STAR

Connected Workforce: Smart, Quick, Core

## SARATHI

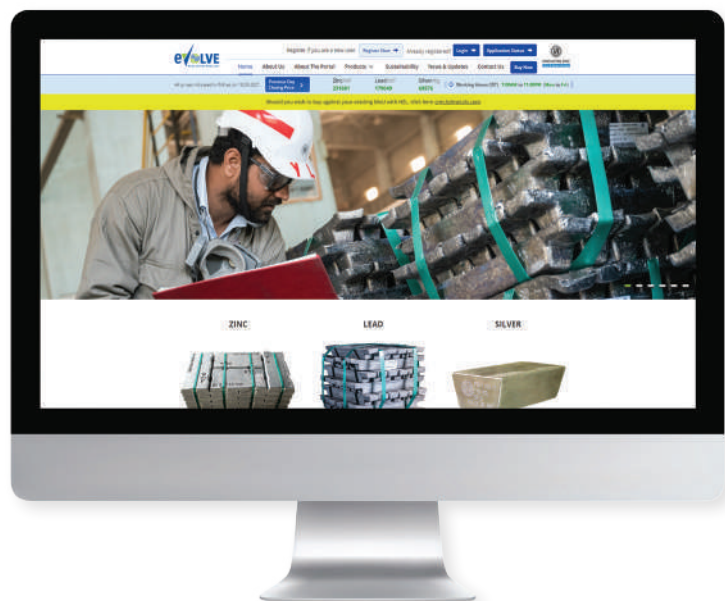
Connected Logistics

We also took some specialized initiatives, such as turbine revamping in all locations, wagon wheel clumper to reduce man-machine interaction, proximity switch in coal yard vehicle and locomotives to reduce man-machine and machine-machine interactions.



## 'Evolving' in E-Commerce

'EVOLVE', our e-commerce platform, hit a chord with customers and was received well in the market. It witnessed transactions on daily basis, to cross 5,500 tons sale of metal by reaching out directly and effectively to 120+ MSME customers with live exchange benchmarked prices and as low as one ton delivery for zinc and lead metals. The online commerce portal has also received recognition for best e-commerce portal and technology innovation in various industry forums like CII and SAP Ace Awards.



## How Digitalization has Helped Solve Complex Problems – A Case Study

### Digital Soft-Sensor for Prediction of Real-Time Particle Size

#### Problem Statement

As the Particle Size Analyzer is currently not operational in Agucha Stream-2, the operations team was charging grinding media based on the previous day's particle size (P80) reports and the current Ball Mill Power. P80 has to be tracked for effective operation of the grinding section.

#### Solution Implementation

- A soft sensor for P80 was built by modeling the grinding process using the historical process parameter data and daily P80 data from lab reports
- The model was validated by comparing the predicted P80 with the instantaneous P80 from Lab, and was found to have an accuracy of 97%
- The model prototype has been productionized by deploying it into digital control system



#### Key Benefits

- 1 The model will assist in optimizing consumable usage, such as grinding media and process water addition.
- 2 It will ensure a consistent P80 to the downstream flotation circuit, which will help the operations team in reducing concentrate grade fluctuations.
- 3 The model acts as a soft-sensor thus saving procurement and operating cost of physical sensor.
- 4 It will help in preventing over-grinding or under-grinding, by effective tracking of P80.

This model is an effective solution to bring more insight to the grinding process, help in reducing concentrate grade fluctuations by supplying consistent P80 to the flotation process, and also decrease energy and media consumption in grinding circuit by minimizing recirculation load in Ball Mill.



# Recognition of Our Unprecedented Outcomes Major Awards & Accolades

Our unyielding focus on ensuring sustainable outcomes even amid the COVID-19 pandemic was recognized by many leading organizations that showered us with several major awards and accolades during the year.

## First position in Asia-Pacific region, and 7<sup>th</sup> globally, in Metal & Mining sector on Dow Jones Sustainability Indices

Hindustan Zinc retained its First position in the Asia-Pacific region in the Dow Jones Sustainability Index 2020, in the “Metals & Mining” sector, for its sustained efforts towards sustainability and environmental preservation. The Company has also been ranked 7<sup>th</sup> globally overall, and 2<sup>nd</sup> globally in environment, by the Index. The ranking endorses Hindustan Zinc’s powerful commitment to sustainability, as the Dow Jones Sustainability Index 2020 scorecard is an in-depth analysis of economic, social and environmental performances of 75 metal and mining majors in the world.

## Included in ‘A’ rated companies for Climate Change CDP (Carbon Disclosure Project)

In recognition of its actions to cut emissions, mitigate climate risks and develop low-carbon economy, Hindustan Zinc has been honored as being among the first few Indian companies rated A in Climate Change CDP 2020. We are the first investor requested company in India to respond to CDP’s Forests questionnaire. With this, we are one of the two companies in Metal & Mining sector globally to achieve this rating.

## “CII National Award for Excellence in Water Management 2020” for SK Mine in ‘Within the Fence’ category

The award to SK Mine is testimony for Hindustan Zinc’s approach of Responsible Stewardship towards

Water Resource Conservation. SK Mine has been recognized for its endeavor in excellence in water resource management and achievement of positive water credit through maximum utilization of treated water from sewage into operations, recycling of water through paste fill operation, use of reclaimed water from tailings dams and for measures taken towards groundwater recharge. Around 100 participants across industries were assessed in three categories: within the fence, beyond the fence and innovative product - at the CII International Water Innovation Summit.

## Great Managers Award – The Economic Times – Company with Great Managers category

Hindustan Zinc has been recognized this year by The Economic Times with the coveted award under the category “Company with Great Managers”. Sandeep Modi (Deputy Chief Finance Officer), Ms. Sadhna Verma (Head- Environment, Debari SBU) and Mr. Rajesh Luhadia (Head- Technology Cell, Chanderiya SBU) have been recognized as Great Managers this year. The Great Manager Award Programme is a joint initiative of ‘People Business’ and ‘The Economic Times’ to identify, recognize and reward organizations with “Great Managers” in India. This program enables the participant organizations to compare and benchmark themselves and their managers across the industry, helping them to



FTSE4Good



CII-ITC Centre of Excellence for Sustainable Development



assess and improve their Managerial Effectiveness Quotient.

## Featured in The Sustainability Yearbook 2021

For the fourth consecutive year, Hindustan Zinc has received the honor of being featured as Sustainability Leader (as Member) among Metal and Mining companies globally. The Sustainability Yearbook is an annual publication by S & P Global in association with RobecoSAM, that benchmarks the sustainability performance of the world’s largest companies and includes 15% of companies in each industry category.

## Selected as Member of FTSE4Good Emerging Index

Hindustan Zinc has entered the FTSE4Good Index Series for the fourth consecutive year. Created by the global index and data provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indexes are used by a wide variety of market participants to create and assess responsible investment funds and other products. FTSE Russell evaluations are based on performance in areas such as Corporate Governance, Health & Safety, Anti-Corruption and Climate Change. Businesses included in the FTSE4Good Index Series meet a variety of stringent environmental, social and governance criteria.



## Other Major Awards of FY 2020-21

### India's first women to receive 'First Class Mines Manager' certificate in unrestricted category

Two of our women employees went from breaking grounds to breaking barriers during the year. Sandhya Rasakatla became India's first woman mine manager and Yogeshwari Rane became India's first woman to win first class certificate in both restricted and unrestricted categories.

### Bhamashah Award

Received by five Hindustan Zinc units from Government of Rajasthan for exemplary work in the field of education in Government schools and Anganwadis for improving the quality of education in the state.

### Fourth CSR Health Impact Awards: COVID-19 Edition

In "CSR COVID Indigenous Response Project" category for exceptional work during COVID-19 on different fronts.

### GT Sabera Awards

"Responsible Business of the Year" award for exceptional commitment to sustainable development, purpose-driven, creating benefit for all stakeholders, being inclusive, ethical & transparent for-profit enterprise.

### CII Environmental Best Practices Award 2020 under the 'Most Innovative Environmental Project' category

For 'use of mine tailing waste in backfilling through paste-fill technology'.

### 'Challenger Award' and 'Safety Excellence Award' for Pantnagar Metal Plant at Frost & Sullivan Sustainability Awards

For continued efforts towards sustainability and encompassing all the elements of sustainability throughout its business practices.

### CII-ITC Corporate Excellence Sustainability Award 2020 - Commendation for Significant Achievement

Endorsing Hindustan Zinc's belief in innovation for a sustainable future and for constantly seeking ways to be more responsible in its business operations.

### EVOLVE awarded "Best eCommerce Technology Innovation"

At the 21<sup>st</sup> Inflection Conference & Awards 2020' co-sponsored jointly by NASSCOM Centre of Excellence-IoT & AI, Singapore Institute of Materials Management (SiMM), Council of Supply Chain Management Professionals (CSCMP) and The Alden Global Value Advisors.

### "Most Innovative Practice" award for Project EVOLVE

From CII Tata Communication - Center for Digital Transformation

### CII HR Excellence Award

Awarded in 'Significant Achievement in HR Excellence' category

### People First HR Excellence Award

Honored in 'Leading practices in technology deployment in HR' category



# Hindustan Zinc Investor Rationale

Consistent value delivery, sustainable growth, operational and execution excellence, along with fiscal prudence and customer-centricity, define the Hindustan Zinc value proposition. Together, they lead our business approach and drive our strategy.

Our unprecedented performance in FY2021 came on the back of this value proposition, which we continue to enhance year after year, giving us a strong competitive and investment edge.

1

## Excellence in Operations

Operational excellence is vital to ensure long-term value creation and delivery. Its importance was heightened in the challenging market conditions during the COVID-19 crisis. Despite the difficult circumstances that prevailed during the year, we managed to deliver a good performance on account of our decision-making agility, coupled with our ability to adapt quickly to the fast-transforming environment. We are continuously augmenting our digital strength and the automation levels of our processes to further reinforce and streamline our fully integrated operations. Our robust portfolio of operational assets, low cost of production, and market leadership, have put us at a vantage point of operational excellence.

**22%**

Revenue growth

**33%**

EBITDA growth

### Record Mined Metal

MIC production at 972 kt

### Record Refined Silver

Production at 706 tons

2

## Execution Edge

We are consistently striving to strengthen the foundations of our core operations, and to streamline our operating processes, to ensure disciplined execution of our projects. Technology and digitalization have emerged as powerful tools in ensuring efficient execution. We are augmenting our minor metal production capacity in partnership with leading global technology players. We are also working closely with execution experts to enhance our capabilities to ensure on-time delivery on volumes. Our efforts are focused on rationalizing the operating processes and imbuing our teams with the culture of detailed step-by-step planning to ensure disciplined and efficient execution.

**7%**

Increase in ore production\*

**10+**

International technology partnerships\*\*

3

## Value-Accretive Journey

We have a track record of creating and delivering accretive value to our shareholders, with excellent return on investment. By working on delivering strong free cash flow from operations, we continue to invest in our business growth. At the same time, this helps us in exploring new projects, where we focus on investing in projects with above average Internal Rate of Returns (IRRs). Led by this approach, we are also regularly investing in strengthening our assets to deliver consistent shareholder value throughout the economic lifecycles of our projects. We remain committed to ensuring sustained growth in operations, optimizing costs, and implementing sustainability strategies. We are confident this will propel our growth in the coming years, and enable us to maintain a strong balance sheet.

**101%**

5-year average dividend payout

**23%**

5-year CAGR in mined metal production at underground mines

**11%**

5-year CAGR in silver production volume



4

### Expanding to Grow

Even as we continue to focus, unwaveringly, on short and mid-term value delivery to our stakeholders, we remain equally committed to pushing business growth in the long term, through concerted expansion. To further push the momentum of our growth, we are partnering with the Government of India to harness the external opportunities powering domestic demand. After completing significant capacity expansion in the previous fiscal in line with the 'Make in India' campaign, we are moving aggressively towards the next phase of our expansion by focusing on Government of India's 'Atmanirbhar Bharat' (Self-Reliant India) drive. We see this campaign triggering a new wave of demand growth in the market in the coming quarters and years, and are fully geared to leverage our core strengths to make the most of this opportunity.

**1.123 Mtpa**

Integrated metal capacity<sup>#</sup>

**1.2 Mtpa**

Mined metal capacity<sup>#</sup>

**800 tons**

Silver refining capacity<sup>#</sup>

5

### Managing Costs Prudently

Our robust credit rating, strong balance sheet and high EBITDA margin are a manifestation of our capabilities in the area of capital deployment. These also reflect our sustained focus on efficacious management of cost efficiencies. We realize that a strong balance sheet is vital to our growth and profitability, and thus remain committed to investing in new opportunities, backed by rationalization of our cost structure.

**50%**

3-year average EBITDA margin<sup>#</sup>

**₹15,130 crore**

Net cash<sup>#</sup>

6

### Sustainability Focus

Our unwavering commitment to sustainability has emerged as a powerful engine of our sustained and value-led growth. Our sustainability thrust is centered on optimal use of natural resources, reduction in carbon footprint, safe operations and renewable energy utilization. Our proven ore deposits with above average zinc-lead grades and long mine life of over 25 years have enabled us to ensure long-term sustainability in our operations.

**2.41X WATER POSITIVE**  
Certified by DNV-GL

**1<sup>st</sup> in India**  
Dry Tailing Plant

**349.19 MW**

Renewable Energy Portfolio  
(Wind - 273.5 MW, Solar - 40.42 MW,  
WHRB - 35.27 MW)

7

### Customer-Centricity

We are cognizant of the importance of understanding and constantly meeting the expectations of our customers. Closely engaged with them, we have deployed the latest technological advancements to innovate products and solutions designed to meet their requirements. To this end, we also collaborate with our customers to develop products that match their needs. It is our continuous endeavor to serve them efficiently through our large distribution network, which helps us remain close to our customers. Redressal of customer grievances through our online CRM system, just-in-time inventory for our long-term partners, and visits by industry experts to our customers' facilities enable us to ensure a long-term, sustained customer connect. Our EVOLVE platform is also helping us scale up customer connect manifold.

**70%+**

5-star feedback on online buying experience\*

**120+**

MSME\*

\*During FY2021 <sup>#</sup>As on 31<sup>st</sup> March, 2021



# External Environment

## Unprecedented Scale of the Pandemic

The world saw the most severe restrictions on economic activity last year to prevent the spread of the pandemic. Since then, vaccination programs have been taken up on a war-footing by Governments across the globe to reduce transmission of the disease, thereby shielding the local economy. In India, growing infections and consequent restrictions have imparted a downside risk to the economy. Parallely, the mammoth task of vaccinating the second biggest population of the world will offset this risk in a progressive manner. Businesses have adapted to cope with the situation, which will provide resilience to the Indian economy. The country witnessed a recessionary first-half of the last financial year, but Government efforts in the right direction brought in moderate growth in GDP in Q3. The National Statistical Office in its update on 26<sup>th</sup> February, 2021 placed the contraction in real GDP at 8% in FY2021.

1

### Government's Renewed Focus on Fueling Growth

The Indian Government infused around \$300 bn in the economy as a response to the pandemic along with numerous tax, employment, healthcare, social security, credit and other policy level measures. The Lok Sabha and Rajya Sabha passed the Mines and Minerals (Development and Regulation) Amendment Bill, 2021, which aims to reform the mining industry with the intent to eliminate the distinction between the captive and non-captive mines, allow captive mines to sell up to 50% of the minerals excavated and allow the Central Government to conduct auctions for those blocks where State Government face challenges or fail to conduct it. As the industry's thought leader, the Company has kept its focus on sustainable growth of mining and smelting assets. This bill will give the Company an opportunity to reduce India's dependence on imported minerals.

2

### Adapting to the New Normal

The Company's management was quick to respond at the onset of the first lockdown in the country. Dedicated 'War Rooms' were constituted in March 2020 to work aggressively on all fronts of consumption, contracting, buying and selling. We remained focused on executing critical priorities on all fronts, resulting in sustained reduction in costs, which have reached their lowest for a quarter in dollar terms since we went fully underground. On the ground, on-site COVID Warrior teams ensured that all safety precautions were followed across all units. The investments made in process digitalization were pivotal in supporting operations whether through remote-UG equipment, manless-weighbridges, logistics control tower or other automations in the smelting process.

## 3

### Culture of Care

The far-reaching effects of the pandemic have raised a call-to-action for all responsible corporate citizens across the globe. The Company contributed to the efforts of the Government to support society in these unforeseen times. Our operations remained compliant with all central and state directives issued during the period while we ramped up our CSR efforts across all operating locations. Contributions to PM CARES Fund, Rajasthan State Mitigation Fund and to the national exchequer through taxes and royalties amounted to over ₹ 15,008 crore. The Company is actively supporting oxygen supply to Rajasthan's Government hospitals and has set-up an oxygen bottling plant at its Dariba plant. Employee safety is central to our strategy and the Company ensured that no one was put at risk of infection at our operations.



## 4

### The Commodity Super Cycle

Commodity super cycles are decade-long periods in which commodities trade above their long-term price trend. Some market analysts are witnessing signs of beginning of a new super cycle, pointing to post-pandemic recovery, inflation and weakening dollar, along with demand driven by additional fiscal and monetary stimulus from major central banks, and geared towards infrastructure spending and pollution-fighting green energy projects, as well as renewable energy.

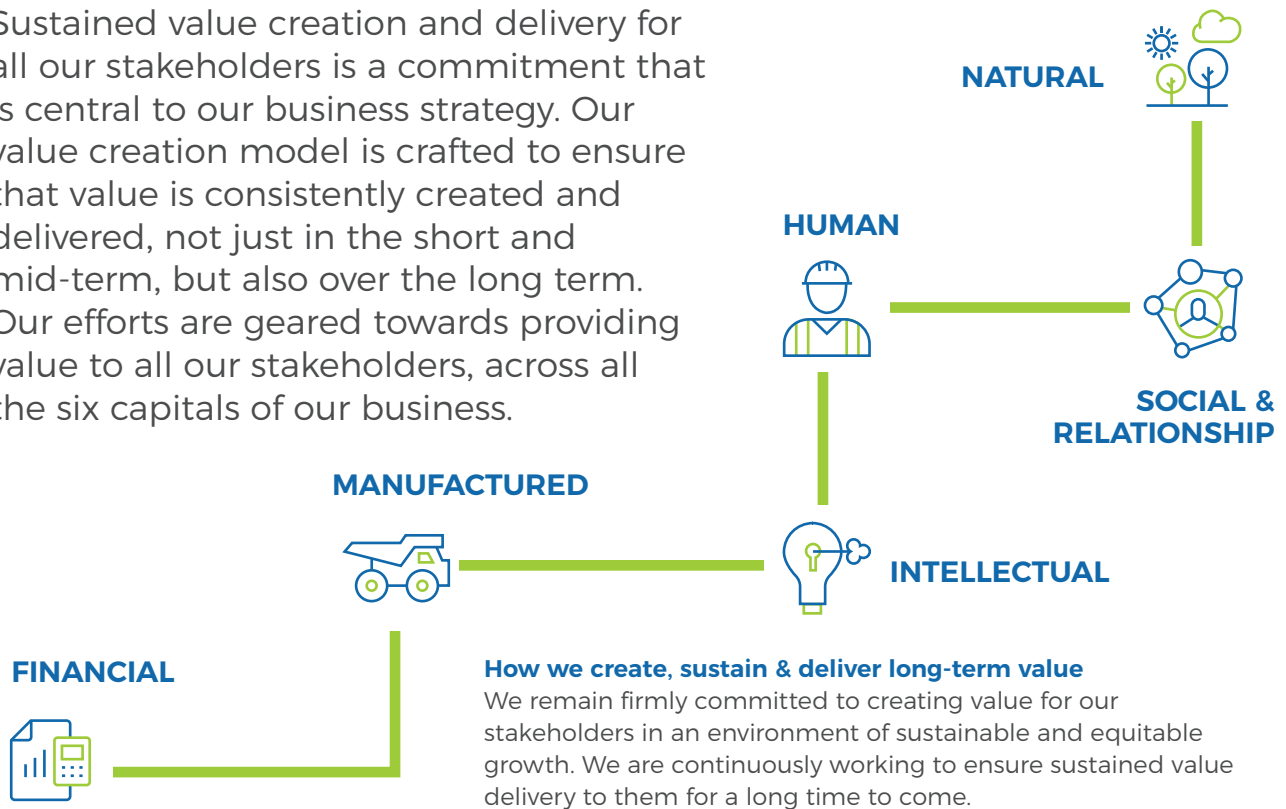
Furthermore, near-zero interest rates across developed nations are fueling pent-up demand, thereby contributing to the fourth super cycle in a century. The impact is quite prominent across base metals. Zinc and lead have also risen on back of this super cycle, particularly, in the second half of the year. CY 2020 had seen stockpiles of global surpluses rising in commodity exchange, which led to some analysts expecting a few headwinds in further price rally. As per Woodmackenzie's report, the average LME zinc price is expected to rise from \$2,267/ton in CY 2020 to \$2,835/ton in CY 2021 and \$2,900/ton in CY 2022. The key drivers for demand growth would come from sectors such as infrastructure, automobiles, and construction & real estate. The shift to renewable energy and the emergence of the Electric Vehicles (EVs) is also expected to witness growing demand. It will open up potential for zinc batteries as an evolving technology over lithium variants.

The average LME lead prices are expected to rise from \$1,824/ton in CY 2020 to \$2,055/ton in CY 2021 and \$1,976/ton in CY 2022. The Lead Acid Battery industry is expected to experience sustained demand, as next generation EVs continue to deploy them for applications such as starting, lighting and ignition SLI battery. Thus, prospects for both zinc and lead demand remain positive in the coming year and beyond.



# Committed to Creating & Delivering Value Across Capitals, Across Stakeholders

Sustained value creation and delivery for all our stakeholders is a commitment that is central to our business strategy. Our value creation model is crafted to ensure that value is consistently created and delivered, not just in the short and mid-term, but also over the long term. Our efforts are geared towards providing value to all our stakeholders, across all the six capitals of our business.



## We Create Value Through

- > Core activities & assets
- > Robust mineral resources & reserves
- > Long-term mining lease agreements
- > Multiple mine licenses
- > Seamless logistics & transportation

## We Deliver Value Through

- > Integrated business approach
- > Execution agility
- > Technological & digital advancements
- > Customer-centricity
- > Consistent fiscal growth
- > Waste minimization
- > Contribution to national progress

## We Sustain Value Through

- > Operational efficiencies
- > Capital efficiencies
- > Optimal utilization of natural resources
- > Sustainability & CSR focus
- > Ethics & Governance framework
- > Effective risk management & opportunities
- > Continuous stakeholder engagement
- > Nurturance of people talent & development

## Distribution of Generated Value

We follow a collaborative approach in value distribution to our stakeholders, including our shareholders, investors, business partners, employees, government and the community. Understanding their aspirations and concerns and creating value to address the same, is a key commitment of our growth strategy. We remain steadfastly focused on delivering profitable and long-term value-led outcomes to every member of our stakeholder fraternity.

## FY 2021

### VALUE CREATED

**₹ 26,831 crore**

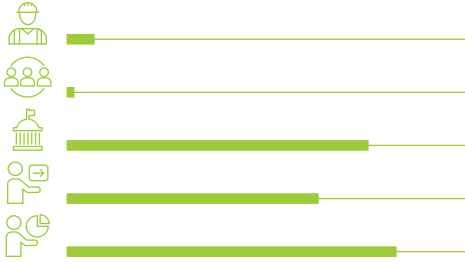
Gross Income  
(including GST)

### VALUE RETAINED

**₹ 21,084 crore**

Retained Earnings<sup>^</sup>

### VALUE DISTRIBUTED



**₹ 760 crore**  
Employees



**₹ 214 crore**  
Community



**₹ 8,225 crore**  
Taxes<sup>&</sup>



**₹ 6,856 crore**  
Suppliers



**₹ 9,000 crore**  
Shareholders

<sup>&</sup>Gross contribution to exchequer ₹ 15,008 crore including dividend of ₹ 4,717 crore

<sup>^</sup>As on 31<sup>st</sup> March, 2021

## FY 2020

### VALUE CREATED

**₹ 22,850 crore**

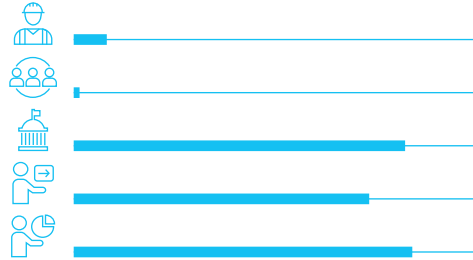
Gross Income  
(including GST)

### VALUE RETAINED

**₹ 22,109 crore**

Retained Earnings<sup>^#</sup>

### VALUE DISTRIBUTED



**₹ 689 crore**  
Employees



**₹ 132 crore**  
Community



**₹ 6,837 crore**  
Taxes<sup>&</sup>



**₹ 6,093 crore**  
Suppliers



**₹ 6,972 crore**  
Shareholders

<sup>&</sup>Gross contribution to exchequer ₹ 9,150 crore

<sup>^</sup>As on 31<sup>st</sup> March, 2020

<sup>#</sup>Includes Interim dividend paid in May 2020






# Modeled to Deliver Excellent Outcomes Across Our Mine-to-Market Value Chain


Our business model is structured for value creation across the stakeholder fabric. It is aligned to the production of excellent outcomes at every step of the business value chain – from extraction of the raw material to delivery of quality finished products to customers.

## INPUTS




**FINANCIAL CAPITAL**

- > Equity Capital ₹ **845** crore
- > Net Cash ₹ **15,130** crore
- > Reserves & Surplus ₹ **31,468** crore




**MANUFACTURED CAPITAL**

- > Cash (C1) cost of production **\$954**
- > Fixed Assets ₹ **34,228** crore




**INTELLECTUAL CAPITAL**

- > Collaborations/memberships with technical institutes **10+**
- > Patents filed **7** (Ind, EU, USA)




**HUMAN CAPITAL**

- > Employee Benefit Expenses ₹ **760** crore
- > Learning & Development Hours **1,13,127**



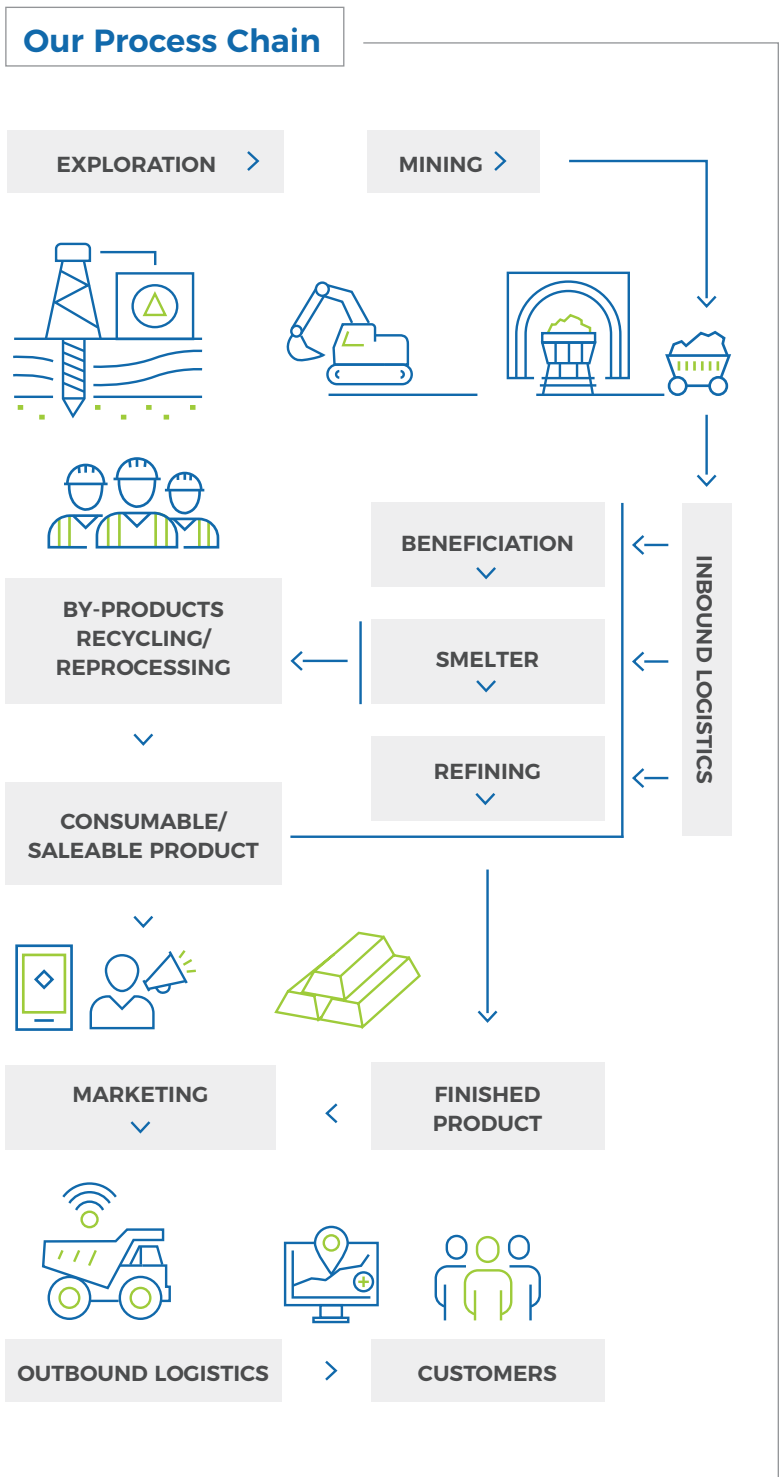
**SOCIAL & RELATIONSHIP CAPITAL**

- > CSR Spends ₹ **214** crore



**NATURAL CAPITAL**

- > R&R: **447.9** Mt
- Zinc-lead metal: **32.9** Mt
- Silver: **914** Moz
- > Energy consumption **4,261** MU



With our integrated approach to business, we have in place robust end-to-end processes that cater to both inbound and outbound logistics, while ensuring efficient management of our warehousing functions. With our eyes set on unlocking potential far greater than mere optimization of operations, we remain steadfastly focused on ensuring sustainable growth through effective risk management that is mapped to the external environment. Our Vision, Values and Mission provide the framework in which we operate, to deliver consistent value to our customers, and eventually to all our stakeholders.

### Our 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

### Outputs Production Volume



Zn  
**7,15,445**  
tons Zinc



Pb  
**2,14,399**  
tons Lead



Ag  
**706**  
tons Silver

### OUTCOMES

- > Revenues ₹ **22,629** crore
- > EBITDA ₹ **11,739** crore
- > Interim Dividend Per Share ₹ **21.3**

#### Mine life (average) **25 years+**

- > Among the world's lowest cost producers of zinc
- > Highest ever mined metal production at **972 kt**

#### Patents granted **2 US Patents**

- > Minor metal extraction capabilities
- > Top-of-the mind recall among customers

#### > Revenue per executive employee ₹ **6 crore**

- > Women in the executive workforce **15%**

#### > Beneficiaries from CSR initiatives **7,00,000+**

- > Properties powered by renewable energy **10**
- > GHG emissions **4.79** Mt CO<sub>2</sub>
- > Waste recycled **5.39** Mt
- > Water recycled **16.7** mn m<sup>3</sup>

### SDGs IMPACTED





# Engaging with Stakeholders to Deliver Value(Able) Outcomes

At the heart of the stakeholder engagement lies our commitment to walk the extra mile for understanding and meeting stakeholder expectations. Notwithstanding a challenging COVID impacted FY2021, we continued to align our business strategy to their aspirations, to deliver excellent outcomes across each stakeholder group. Stakeholders lie at the core of what we plan & do, as it determines the way we engage with them and implement initiatives to bring desired outcomes. We believe that productive and open stakeholder engagement is vital for long-term sustainability of the organization and for the values it tries to create for all its stakeholders.

At Hindustan Zinc, we have been proactively engaging our stakeholders as their participation is key to successful implementation of all our strategic interventions. These initiatives ranging from driving sustainable consumption patterns, efforts to reduce environmental impact, incorporating human rights principles, values and codes of conduct to uplifting communities, or contributing to the nation's growth and development, need participation of various stakeholders like customers, suppliers/vendors, business partners, local people, government and regulatory authorities etc. Therefore, delivering value to all stakeholders and being able to achieve full participation

is a fundamental prerequisite of mutually beneficial and long-lasting relationships.

To guide our approach to stakeholder engagement, we have established Stakeholder Engagement Standard. The process is cascaded down to all respective sites where each one needs to individually identify and conduct analysis of stakeholder engagement process. The appointment of respective stakeholder representatives enables this exercise to be conducted more efficiently as these representatives act as a channel to enable two-way engagement between the organization and stakeholders.

In addition, the respective teams at the organization level help in identifying individuals and groups who may be affected by our operations and may otherwise go unnoticed due to their disadvantaged position. The ways in which stakeholders may be affected, as well as the extent of both actual and perceived impacts, are identified and recorded for each group. Utilizing the information that is gathered, we liaise with the stakeholders to determine the level of communication and consultation that is appropriate. From this, Stakeholder Engagement Plans (SEPs) are derived, and periodically reviewed and updated as needed.

## Our Stakeholder Ecosystem



Understanding of their needs helps in determining product quality & pricing  
Product innovation development is guided by customer requirements



Critical to ensuring operational efficiency through timely supplies & logistical efficiency  
Vital to our goals of sustainability and responsible source



Community outreach is vital to national progress, which translates into a congenial macro environment for business growth  
Positively touching lives of people and there by enhancing their quality of life & wellbeing.



Contribution of our business to nation-building through our products, taxes & royalties  
Support to Government's on-ground initiatives through CSR & contribution to local economy



Shareholder support & feedback on operations provides continuous guidance for the management and governance





Employees help meet business goals with their collective knowledge & experience, by initiating best-in-class people practices  
Employee productivity is critical to driving performance & generating value

## How We are Engaging with Our Stakeholders

Our engagement with each of our stakeholder groups is built on multiple stakeholder-specific platforms, driven by a collaborative approach. Cognizant of the importance of our stakeholders to our brand image and reputation, we remained wholly committed to strengthening and expanding these platforms during the year under review.

In order to monitor and measure progress, we have in place a well-formulated review mechanism that tracks stakeholder interactions and the outcomes achieved.

	 <b>CUSTOMERS</b>	 <b>SUPPLIERS</b>
<b>Expectations &amp; Concerns</b>	<ul style="list-style-type: none"> <li>&gt; Product &amp; service quality backed by price options</li> <li>&gt; Robust complaint &amp; grievance redressal mechanism</li> <li>&gt; Transparency in sharing of information on products &amp; services</li> <li>&gt; Responsiveness to technical, pricing &amp; other queries</li> <li>&gt; Just-in-time inventory availability</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Fair, transparent and long-term business relations</li> <li>&gt; Transparent &amp; effective information sharing</li> <li>&gt; Regular technical know-how exchange</li> <li>&gt; Contract terms &amp; conditions, other collaborations</li> </ul>
<b>Engagement Platforms</b>	<ul style="list-style-type: none"> <li>&gt; Intuitive CRM platform for continuous engagement &amp; feedback</li> <li>&gt; Periodic connects with key customers by top management</li> <li>&gt; Biennial customer satisfaction survey</li> <li>&gt; Forum for quick customer query resolution</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Contract negotiations, supplier code of conduct, policies &amp; standards</li> <li>&gt; Regular supplier meetings and site-visits</li> <li>&gt; Vendor due diligence and pre-qualification meetings</li> <li>&gt; Supplier sustainability assessment</li> <li>&gt; Helpdesk for speedy resolution of supplier query</li> </ul>
<b>Engagement During FY2021</b>	<ul style="list-style-type: none"> <li>&gt; Virtual interaction with all contractual customers</li> <li>&gt; Virtual executive committee meetings with key customers</li> <li>&gt; E-commerce and vendor-managed inventory for key customers</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Emergency meetings for invoking force majeure in all affected contracts</li> <li>&gt; Supplier safety performance 'Sameeksha' platform chaired by CEO</li> <li>&gt; Gemba Walks at contractor sites by senior management</li> <li>&gt; Monitoring of COVID-19 impact on contractors, workforce and providing the necessary support</li> </ul>
<b>Outcomes</b>	<ul style="list-style-type: none"> <li>&gt; Maintained market share of domestic primary zinc consumption</li> <li>&gt; Over 70% 5-star rating for e-commerce experience out of over 1,200 orders</li> <li>&gt; Increase in share of wallet of key accounts</li> <li>&gt; Joint customized product development</li> <li>&gt; Increase in market share over last year</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Suppliers enabled quick ramp-up after the sudden shutdown in March 2020</li> <li>&gt; Lowest cash (C1) cost of production since fully underground operations started</li> </ul>





## COMMUNITIES



## GOVERNMENT

### Expectations & Concerns

- > Better living standards and economic progress in surrounding villages
- > Water conservation and clean water availability for communities
- > Local employment and local sourcing
- > Community engagement & development initiatives

- > Regulatory compliances
- > Employment generation & skill development support to local government
- > Participation in industry and government-collaborative projects
- > Self-sufficiency for nation in metals through import replacement

### Engagement Platforms

- > CSR initiatives & interventions
- > Robust grievance mechanism
- > Leadership community connect
- > Community Impact Assessment survey conducted once in 3 years (last in FY 2018-19)

- > Advocacy through trade and industry bodies
- > Regular engagement with regulators, local administration, inspection bodies
- > Partnerships in government's social programs
- > Regulatory and legal compliances

### Engagement During FY2021

- > 'Koi Bacha Rahe Na Bhookha' campaign
- > Anganwadi Sustenance committee meetings
- > Virtual mediums for education programs
- > Animal Health camps
- > Market linked skilling centers
- > Unit Head visits to core villages
- > Leadership Community Connect
- > Ratri Chaupals
- > Grassroot institutions like Farmers Interest Groups, Federations, Khushi Committees etc.

- > Silver industry focused webinar organized by Vedanta
- > MSME focused webinar organized by Vedanta
- > Board meetings with government appointed directors

### Outcomes

- > Over 7 lacs people benefited by our CSR initiatives apart from 4.20 lacs beneficiaries covered through COVID-19 support
- > 13 RO Hub plants, 39 standalone ATMs are running in 52 villages
- > Over 1,80,000 children supported through education initiatives
- > 2,248 SHGs with a membership of about 27,517 with total savings of ₹ 11.62 crore

- > ₹ 15,008 crore contribution to the exchequer
- > Generated net foreign exchange worth ₹ 5,595 crore through exports

### Stakeholder Grievance Redressal Mechanism

Hindustan Zinc with engages its stakeholders on a regular basis to ensure that their voice is heard. If a stakeholder still has a grievance, we have a well-defined redressal process in place. We have a Grievance Committee, chaired by the respective unit heads, to address the stakeholder grievances on a periodic basis. An apex committee, chaired by the location head, meets every quarter and the unit level committee meets every month and are apprised on the grievance received and action taken by the respective committees.

**SHAREHOLDERS**



**EMPLOYEES**



**Expectations & Concerns**

- > Industry leading returns via dividends and long-term capital appreciation
- > Timely, fair and proper disclosures
- > Reflection of shareholder viewpoints in corporate strategy and long-term plans

**Engagement Platforms**

- > Annual General Shareholders Meetings; Financial results declaration (quarterly)
- > Investor Relations events, one-on-one meetings
- > Disclosure tools, including Annual Reports, Sustainability Reports and Tax Transparency Reports
- > Complaints and grievance management

**Engagement During FY2021**

- > Senior management Q&A round in quarterly earnings calls
- > Annual General Meeting (AGM) for FY2020 organized
- > Annual Report released for FY2020 performance

**Outcomes**

- > Interim dividend of ₹ 21.3 per share in FY2021

- > Right Management in place
- > Career progression
- > Talent development interventions
- > Learning & growth potential
- > Remuneration & benefits
- > Equal opportunities for equitable growth
- > On-the-job training of freshers
- > Occupational health & safety assurance & promotion

- > Intranet and in-house newsletters
- > Management effectiveness program
- > Training, mentorship & coaching programs
- > Management-employee Town Hall meets
- > Annual employee surveys
- > Suggestion scheme
- > Performance dialogue & appraisals
- > Automation of the HR processes for the ease of employees

- > Roll-out of diversity & inclusion policy
- > Training need identification of all employees
- > Sampark, a monthly Town Hall, conducted at head office and at sites with Senior Management
- > CEO connects & employee connects at units
- > Focused group discussions & diversity connects
- > Mentorship for freshers & identified talent groups
- > Learning & development workshops
- > Work Integrated learning program (partnered with IIM Udaipur & BITS Pilani) to offer MBA to selected employees
- > Launch of IDP (Individual Development Plan) for talent pool identified through ACT UP, V Reach, V Build, V Lead, etc.

- > Employee benefits: ₹ 760 crore (Including Compensation)
- > 4.6% attrition rate of employees
- > 15% female diversity in executive workforce
- > 24% diversity in ExCO
- > Productivity enhancement
- > GMA Best Manager Award
- > Great Place to Work Certification
- > People First HR Excellence Award for Leading practices in technology deployment in HR

We believe that our sustained focus on maintaining close stakeholder engagement will help us in delivering excellent business outcomes and value in the long term.

# Focus on Managing Material Issues to Ensure Positive Outcomes

Material issues help us develop a more comprehensive, inclusive and consistent sustainability strategy. Any matter is considered material if it has the potential to significantly affect our ability to create, sustain and deliver value to our stakeholders in the short, medium and long term.

To protect ourselves from the possible adverse impact of material issues to our business, we undertake a detailed materiality assessment once every three years. The assessment guides us in the formulation of strategic priorities and to better understand our sustainability risks and opportunities. We had last carried out such assessment in FY2019 through a third party. Inputs were taken from key internal and external stakeholders. In FY2020, our Executive Committee reviewed and revalidated the Materiality

assessment and a core committee was formed to identify the long-term goals to address the top eight material issues, thus interlinking sustainability into business decisions.

The rigorous and formal materiality process involving extensive internal and external stakeholder dialog led to the setting up of ambitious "Sustainability Goals 2025". The detailed action plans and sub-action plans, wherever needed, have been identified under each goal to drive actions towards

high priority areas necessary for the accomplishment of goals over a period of next five years. Hindustan Zinc believes that these goals shall act as not just independent targets, but rather as a collective scorecard that requires tangible progress across different functions to bring about the desired positive outcome. To further ensure fulfillment of goals, various communities have been appointed for the implementation of action plans under the leadership of a Sustainability Committee, chaired by CEO.

## The Sustainability Goals 2025



The Sustainability Goals along with action and sub-action plans have been reported in detail in Hindustan Zinc's Sustainability Review Report FY2021.



### Inclusion of Sustainability Criteria in Employee Incentive and Performance

Sustainability is an integral part of the way we do business. We follow Vedanta Sustainability framework and implement its requirements across units. This framework contains the management and technical standards and policies to guide us to drive our efforts towards the material issues. All the sites every year undergo Vedanta Sustainability Assurance Programme to ensure the implementation of Vedanta Sustainability framework that provides site-wise scores against the 13 pillars of Sustainability.

We use the scores to understand our relative performance and to determine the performance bonus of each individual including the CEO and Executive Committee members. The safety performance at Hindustan Zinc and Vedanta Sustainability Assurance Programme (VSAP) scores are key part of everyone’s KPIs and performance of both is linked with performance bonus of the senior leadership and all employees.

### CEO and Other Senior Leadership

Our CEO’s performance-based compensation is determined through a combination of the Company’s financial results, such as revenue and operating profit, besides non-financial indicators such as leadership, progress on strategic goals, and contribution to sustainability performance.

**CEO’s KRA** – Make Hindustan Zinc a zero-harm organization by establishing and inculcating the safety culture and implementing efforts towards achievement of Sustainability Goals 2025 and Vedanta Sustainability framework. [In leaders score card, there is 20% weightage to the VSAP score and Zero Fatality]

**ExCO KRA** – Make Hindustan Zinc a zero-harm organization by fostering a safe and risk-free work environment through elimination of incidents/ injuries and implementing Vedanta Sustainability framework. [KPI – VSAP score and Zero fatality]

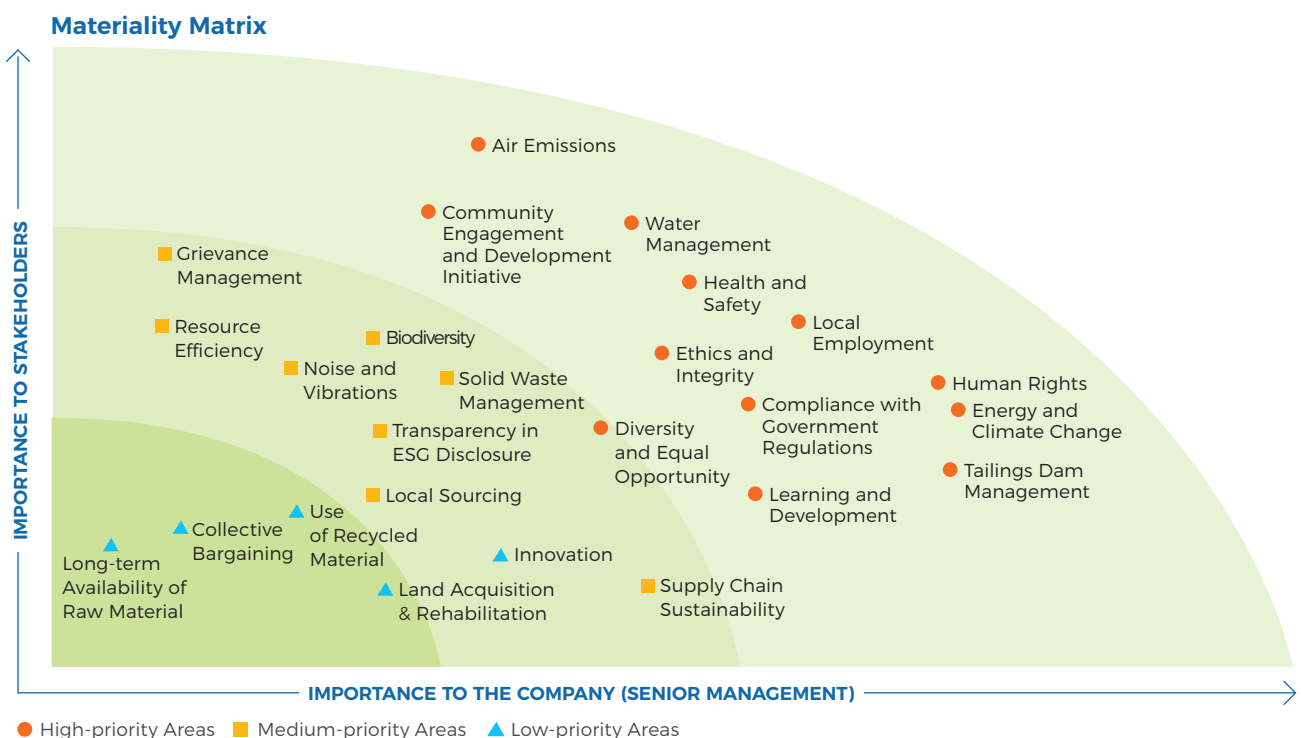
### All Executives

Performance-based compensation is determined by the VSAP Scores along with business performance. To give an enhanced focus, the weightage on VSAP Scores has been assigned as 17.5% for senior management and 15% for others. Further, in case of any fatality the overall pay-out under performance-based compensation will be reduced by 10%, 20% & 25% for 1, 2 and more than 2 fatalities respectively. Consequence management is based on responsibility matrix, provision for penalizing in the form of withdrawal of last increment or demotion, or even nil/partial payment of Performance pay Scheme.

### Contractors













Expanding our safety ethos to cover business partners too, we are increasingly linking payments / incentive & penalty with safety performance. For majority, monthly safety scorecards are already in place for performance evaluation, and more will be progressively brought into the ambit of payment linkage with compliance to safety metrics.

## Materiality Assessment Result









## Responding to Material Priorities



Hindustan Zinc's detailed materiality assessment resulted in identification of 24 total material topics which have been categorized into high, medium and low priority topics [as depicted in the infographic below]. For the purpose of disclosure, 12 high importance material topics have been covered in the respective sections in the report. These topics have also been covered in detail in Hindustan Zinc's Sustainability Review Report FY2021. For certain topics where Hindustan Zinc feels that it is relevant to also cover downstream and upstream entities, the approach has been included based upon the relevance of the topic to Hindustan Zinc. These topics have been helpful in the development of overall sustainability strategy of Hindustan Zinc with due consideration of changing environment and stakeholder expectations in mind.

ENVIRONMENT	Why is It Material	How We Manage It	Performance in FY2021	Strategic Linkage & SDGs Impacted
  <p><b>Water Management</b></p>	<p>Water is essential to life and critical to our business, Unavailability of water can have an adverse impact on business. Also, inefficiency in managing water can lead to community unrest and potential regulatory consequences.</p>	<p>We are dependent upon water, a precious natural resource. Water conservation is particularly important for us as we operate in a water-stressed region.</p> <ul style="list-style-type: none"> <li>➤ Increasing efficiency in water usage and exploring less water-intensive technologies</li> <li>➤ Using alternative water sources to reduce dependency on freshwater</li> <li>➤ Replenish water within local watersheds and rainwater harvesting</li> </ul>	<p>Reduction in specific water consumption: <b>4%*</b></p>	  
  <p><b>Tailings Dam Management</b></p>	<p>In worst-case scenario, tailings dams failure can lead to loss of life, injuries and damages to the environment, as well as our Company's reputation. It can also entail significant financial costs/losses and stoppages in production.</p>	<p>Malfunctioning tailings dams can cause huge environmental impact. Hence, we accord top priority to managing them responsibly.</p> <ul style="list-style-type: none"> <li>➤ Responsible Tailings Storage facility</li> <li>➤ Effectiveness of reclaim water system</li> <li>➤ Surveillance of Tailings Dams</li> <li>➤ Effectiveness of Emergency Planning and Response</li> <li>➤ Utilization of Tailings in Backfilling</li> <li>➤ Replacement of wet tailing disposal system with dry tailing disposal</li> </ul>	<p>Zero incidents associated with existing tailing facilities</p>	    

\*During FY2021




ENVIRONMENT	Why is It Material	How We Manage It	Performance in FY2021	Strategic Linkage & SDGs Impacted
 <p><b>Air Emissions</b></p>	<p>Failure to comply with emission norms and minimize air emissions could lead to negative long-term impact on the environment and society, with imposition of levies/ fines, escalation in costs related to monitoring and reporting, among others.</p>	<p>Large-scale air emissions can cause serious impact on the environment and local communities. We continuously work towards reducing air emissions.</p> <ul style="list-style-type: none"> <li>➤ Improving air quality through well-designed air pollution control systems</li> <li>➤ Effective Dust management</li> <li>➤ Continuous monitoring and reporting</li> </ul>	<p>Reduction in SO<sub>x</sub> emission: <b>16%*</b></p>	<p><b>S5</b></p>  




 <p><b>Energy &amp; Climate Change</b></p>	<p>Energy and climate change are issues of material importance as they provide both challenges and opportunities for our business and communities. They are also material to the continuity of our business and improving productivity in the new global environment.</p>	<p>The rising challenges of climate change and resource scarcity have put us on a path of transformation to a low carbon economy.</p> <ul style="list-style-type: none"> <li>➤ Reducing fossil fuel-based energy use in our operations by using innovative energy efficiency technologies and process optimization</li> <li>➤ Shifting to renewables and/or low-carbon solutions where possible</li> </ul>	<p>During the year, the Company produced solar power of 83.43 mn units, waste heat energy of 203.13 mn units and wind power of 362.93 mn units leading to avoid 5,51,695 ton of CO<sub>2</sub> through green power.</p>	<p><b>S3 S5</b></p>  
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 <p><b>Biodiversity Management</b></p>	<p>Biodiversity provides many of the ecosystem services. If improperly managed, mining, smelting and exploration activities have the potential to negatively affect biodiversity and ecosystem services. Impact could be loss of protected species and habitat fragmentation. Such risks could affect our social license to operate as well as our reputation.</p>	<p>We work to proactively manage our impact on biodiversity and strive to protect the ecosystems in which we operate.</p> <ul style="list-style-type: none"> <li>➤ Biodiversity assessment</li> <li>➤ Implementing biodiversity protection and conservation initiatives across locations</li> </ul>	<p>96,380 saplings planted during the year</p>	<p><b>S2</b></p> 
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\*During FY2021











SOCIAL	Why is It Material	How We Manage It	Performance in FY2021	Strategic Linkage & SDGs Impacted
 <p><b>Health &amp; Safety</b></p>	<p>Focus on health and safety performance has intensified over the years. Failure to ensure health and safety could result in increased cost of litigation, reduce availability of manpower, or even threaten the viability of operations in worst-case scenarios.</p>	<p>Health and safety of our people is our top priority. It is our constant endeavor to make our workplace free of fatalities, injuries and occupational diseases.</p> <ul style="list-style-type: none"> <li>&gt; Identifying, understanding, controlling and eliminating the risks associated with hazards at workplace, including man-machine interactions, molten metal handling and underground fire</li> <li>&gt; Structured skill improvement/ competency enhancement of employees and contract workers</li> <li>&gt; Implementing new innovative technologies to reduce manual interventions</li> <li>&gt; Monitoring exposures for better and timely controls</li> </ul>	<ul style="list-style-type: none"> <li>&gt; LTIFR: 0.97*</li> <li>&gt; Safety trainings: 0.65 mn man-hours</li> <li>&gt; Occupational illness cases: 0</li> </ul>	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px;">S1</div> <div style="border: 1px solid black; padding: 5px;">S3</div> <div style="border: 1px solid black; padding: 5px;">S5</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>

 <p><b>Learning &amp; Development</b></p>	<p>Failure to provide sufficient learning and development opportunities could lead to higher employee attrition. It can also affect our employer brand and overall reputation.</p>	<p>Long-term career growth of our employees is critical to our business and we promote the same through regular training and learning &amp; development initiatives. This further helps in the expansion of our know-how and intellectual capital.</p>	<p><b>1,162</b> learning and development programs conducted</p>	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px;">S1</div> <div style="border: 1px solid black; padding: 5px;">S2</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid black; padding: 5px;">S3</div> <div style="border: 1px solid black; padding: 5px;">S5</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;">   </div>
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\*During FY2021

SOCIAL	Why is It Material	How We Manage It	Performance in FY2021	Strategic Linkage & SDGs Impacted
 <p><b>Community Engagement &amp; Development Initiatives</b></p>	<p>Failure to work closely with our communities can impact our relationships with them. This can affect our reputation and, in extreme cases, also affect our social license to operate.</p>	<p>Our brand reputation depends on the socio-economic development of the communities in the regions of our operations; We play a significant role in catalyzing such development.</p> <p>Increasing local employment and procurement opportunities</p> <ul style="list-style-type: none"> <li>➤ Strategically focusing on improving livelihoods and spurring prosperity in communities near our operations</li> </ul>	<p>Beneficiaries from CSR initiatives: <b>7 lacs+*</b></p>	<p><b>S5</b></p> 
 <p><b>Local Employment</b></p>	<p>Inability to generate local employment can affect our relationship with the community and have an adverse effect on our reputation. It can also harm our ability to attract the best talent from the industry.</p>	<p>We contribute to the development of the local economy through direct employment.</p>	<p>We continue to prioritize hiring from among the local community at our facilities during the year.</p>	<p><b>S3 S4 S5</b></p> 
 <p><b>Human Rights</b></p>	<p>Any deviation from this stated policy can lead to imposition of fines and legal actions. It can also affect our ability to attract talent and impact our reputation.</p>	<p>Our commitment to human rights is reflected in our values, policies and actions. We respect and always strive to protect human rights across our operations and value chain in all possible ways.</p> <ul style="list-style-type: none"> <li>➤ Respecting the rights of our key stakeholders affected by our activities</li> <li>➤ Identifying and Assessing Human Rights Risks</li> <li>➤ To increase awareness and internal alignment on human rights</li> </ul>	<p>Zero complaints relating to child labor, forced labor and involuntary labor.</p>	<p><b>S1 S2 S5</b></p> 

\*During FY2021

GOVERNANCE	Why is It Material	How We Manage It	Performance in FY2021	Strategic Linkage & SDGs Impacted
 <p><b>Compliance with Government Regulations</b></p>	<p>Any delay or failure to comply with government regulations could lead to heavy penalties, and/or legal action and affect our reputation. In worst-case scenario, it can threaten the viability of our operations.</p>	<p>We strictly adhere to all applicable laws and regulations at the sites of our operations. We also ensure that regulatory compliance is maintained across the value chain.</p>	<p>Digital tracking of reported legal cases, fines and other non-compliance issues with regard to applicable laws and statutes.</p>	
 <p><b>Ethics &amp; Integrity</b></p>	<p>Any deviation from compliance to this ethos can damage our relationships with stakeholders. In extreme cases, this can even threaten the continuity of our operations.</p>	<p>We have imbibed our business operations with corporate ethics and integrity. We diligently adhere to these across all our transactions.</p>	<p>Tracking of the number of unresolved whistle-blower and code of conduct non-compliance cases.</p>	
 <p><b>Supply Chain</b></p>	<p>Our large and expanding landscape of operations comprise a plethora of activities. It starts from raw material procurement, production, distribution to final delivery to customers. It is therefore critical to ensure that our supply chain adheres to our principles &amp; practices and walks the path of sustainability along with us.</p>	<p>Holistic supplier identification, selection and review processes Digitalization of the supply chain</p>	<p><b>133</b> New suppliers were screened for ESG criteria</p> <ul style="list-style-type: none"> <li>&gt; 318 Local suppliers (Rajasthan based) are part of Tier-1 suppliers and constitute 63% of procurement spend</li> <li>&gt; Out of total, 214 are critical Tier-1 suppliers and constitute 68% of procurement spend</li> </ul>	
 <p><b>Diversity &amp; Equal Opportunity</b></p>	<p>Inability to promote diversity and equal opportunity could affect our employer brand and overall reputation.</p>	<p>We encourage diversity at workplace to promote the organization's collective experience and skill set. Providing the right work culture to promote inclusion Aligning policies to encourage diversity in workforce</p>	<ul style="list-style-type: none"> <li>&gt; Female diversity within executives: <b>15%*</b></li> <li>&gt; Overall female diversity of workforce: <b>11%*</b></li> </ul>	

\*During FY2021







# Sustained Focus on Strategic Priorities to Create Long-term Value

During FY2021, we sharpened our focus on the Strategic Priorities which we have identified for the realization of our vision and mission, and also for ensuring sustained value creation. We continued to invest in strengthening these priorities, which are guiding our future strategy.







MINIBUR  
NV



# S1

## Expansion of Capacities



Led by our vision to become the largest zinc-lead and silver company in the world, we remain focused on continuous ramping-up of our production capacity. We have already completed all major projects to build capacity of 1.2 Mtpa of mined metal, to be further augmented. The next phase of capacity expansion will be driven through increase in ore production to our targeted 25 Mtpa. At the same time, we are investing in various operational methods and tools to accelerate the mine development rate, improve productivity and optimize cost.

### Underground (UG) Production (MIC production, kt)

2013-14	210
2016-17	481
2019-20	917
2020-21	<b>972</b>
Targeted	1,200

# S2

## Maintaining a Portfolio of Mines with Long Life



We see our portfolio of mines with long life of 25+ years as a major asset, driving consistent growth and value creation. We are continuously adding more to R&R than depletions, through exploration in and around existing and new deposits, with the objective of increasing the longevity of our mines. With the execution of activities for combined paste-fill and Dry Tailing Plant at Rajpura Dariba, we are looking at increasing ore production from 1.2 Mtpa to 2 Mtpa. We have already received Environmental Clearance for 4.8 tons of Ore Production & Ore Beneficiation for Zawar Group of Mines, while the commissioning of backfill plants at Mochia and Zawarmala is expected to improve Mining Ore Recovery and global stability. What is encouraging is that all our deposits are open at depth, thus providing an opportunity to increase and upgrade resources through targeted surface and underground drilling.

### Ramping up R&R (total R&R Mt)

2003-04	146
2010-11	313
2019-20	403
2020-21	<b>448</b>
Targeted	550

# S3

## Strengthen Cost Leadership

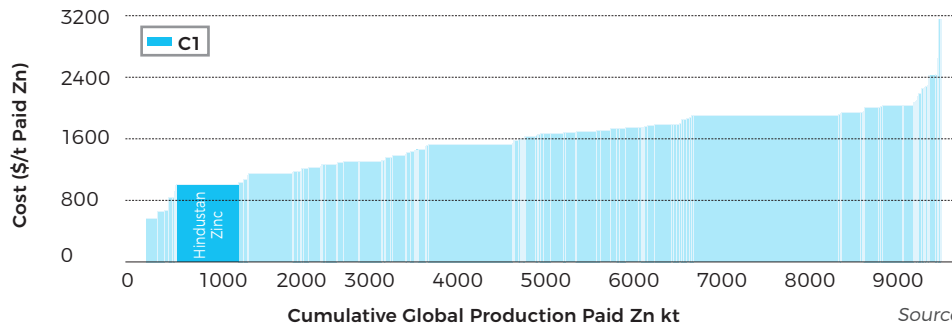


We are among the lowest cost producers of zinc-lead in the world, and are dedicatedly working on our cost optimization program for reducing the cost of zinc production. Besides ramp-up of volume, we are extensively deploying technology, automation and innovation to increase ore-to-metal index, boost asset productivity, optimize power, enhance efficiency and generate value from waste. Initiatives like shaft hauling, digitalization, autonomous vehicles, ancillary plants and power optimization, put in place in the previous fiscal, contributed to cost reduction in FY2021.

### Keeping Costs Under Check

(zinc cost curve, ranked by C1, composite cost)

2020 Zn Cost Curve, Ranked By C1, Composite Costs, Grouped By Company in \$/t (WM2021 Q1 - All Mines)



Source: Wood Mackenzie

## S4

### Expansion of Product Portfolio



Given the growing demand for minor metal, we plan to systematically expand our capacity for minor metal recovery in the next couple of years. VAP production in our primary metals portfolio has also gone up, in line with our customer centric approach. We are also developing new products by identifying downstream applications. We are working on new products in lead alloys and are looking to increase the penetration of zinc alloys.

#### Share of VAP in Our Sales (%)

2017-18	12.0
2018-19	16.0
2019-20	21.0
2020-21	15.5

FY2021 witnessed a decline in VAP sales on account of the COVID-19 impact across industries of use. We produce two types of VAP – 1) CCG, which is used by Steel Galvanizing companies, with the final product finding use in construction, and 2) HZDA, which is used by Die Casting companies, with the final product being utilized by the Automobile sector. With both construction and auto sector being highly impacted by the pandemic, the demand for the final customized products plummeted, causing VAP demand to also decline. The Company thus, strategically chose to produce more commodity grade zinc, which was exported in increased quantity during the year.

## S5

### Transition to a Circular Economy



Transitioning to a circular economy is a strong imperative for the mining industry. It requires adoption of strategies designed to lower the rates of extraction, and reduce the use of natural resources for improved resource efficiency, besides promoting the efficient management of sustainable materials. We are using technology and innovation to reduce-reuse-recycle waste and restore natural systems, including water and land, as part of our efforts to transition to a circular economy. We are increasingly adopting low-carbon and less-emission technologies, enhancing our renewable energy capacity, and constantly reducing the GHG emission of our operations. We are also expanding our local sourcing network to bolster local economy and community well-being.

#### Technological advancements

### Two US Patents

Granted for waste-to-wealth technologies




### Backfill Plants

Refilling mine waste back in UG for stability

# Managing Capital Trade-offs for Better Outcomes

To ensure better outcomes across various stakeholder groups, we remain consistently focused on balancing our strategic priorities with the potential risks that may impact our business capital in other ways.

Here is how we are effectively managing our capital trade-offs in terms of our strategic goals.

	 <b>FINANCIAL CAPITAL</b>	 <b>MANUFACTURED CAPITAL</b>	 <b>INTELLECTUAL CAPITAL</b>
<b>S1</b> <b>EXPANSION OF CAPACITIES</b>	<ul style="list-style-type: none"> <li>&gt; Leveraging strong balance sheet to invest in value accretive projects</li> <li>&gt; Higher profits in mid and long term</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Automated and digitally integrated value chain</li> <li>&gt; Improved ore-to-metal ratio through higher recoveries &amp; efficiency</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Innovation around metal recovery</li> <li>&gt; Digital best practices replicated across sites</li> <li>&gt; Enhanced market position</li> </ul>
<b>S2</b> <b>MAINTAINING A PORTFOLIO OF MINES WITH LONG LIFE</b>	<ul style="list-style-type: none"> <li>&gt; Higher spending on R&amp;R additions and new tenements</li> <li>&gt; Sustained production growth</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Higher reserve base to 200 Mt, taking R&amp;R to 550 Mt in mid term</li> <li>&gt; New tenements will create new mines in the long term</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Creation of a proprietary database on potential deposits</li> </ul>
<b>S3</b> <b>STRENGTHEN COST LEADERSHIP</b>	<ul style="list-style-type: none"> <li>&gt; Lower per unit cost of production by \$93 per ton vs last year, leading to higher profits</li> <li>&gt; Invest in new-age technologies for operational excellence</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Higher equipment effectiveness</li> <li>&gt; Optimized power and logistics</li> <li>&gt; Best-in-class mill and smelter efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Creation of global benchmarks in productivity and efficiency</li> </ul>
<b>S4</b> <b>EXPANSION OF PRODUCT PORTFOLIO</b>	<ul style="list-style-type: none"> <li>&gt; Investment in new business lines like minor metals</li> <li>&gt; Higher premiums</li> <li>&gt; Protection from commodity price volatility</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Modern processing facilities capable of producing a wide range of products</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Development of new products based on research and studies</li> <li>&gt; Enhanced market perception</li> </ul>
<b>S5</b> <b>TRANSITION TO A CIRCULAR ECONOMY</b>	<ul style="list-style-type: none"> <li>&gt; Investment in technologies to optimize, reuse and recycle water resources</li> <li>&gt; Investments in low-emission technologies and green energy</li> <li>&gt; Investments in collaborative models for metal reuse and recycling</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Tailings dams for water recycling and land reclamation</li> <li>&gt; Gainful utilization of waste</li> <li>&gt; Smart transportation to reduce GHG emissions</li> <li>&gt; Higher conversion efficiency of CPPs and increased solar energy</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Patents for processes to reuse materials like Jarosite</li> <li>&gt; Innovative use of technology in underground mining to reduce GHG emissions</li> </ul>





**HUMAN CAPITAL**

- > Training and skill development
  - > Optimal manpower
  - > Higher productivity
- 
- > Trained pool of geologists and geophysicists
  - > Global exploration experts
- 
- > New-gen workforce with differentiated skills of digitization, AI and best mining practices
  - > Safe and productive workplace
- 
- > Attracting industry-best talent
- 
- > Building strong in-house R&D capabilities
  - > Active employee engagement in HSE initiatives



**SOCIAL & RELATIONSHIP CAPITAL**

- > Local employment and sourcing
  - > Increased social spending
  - > Higher contribution to the exchequer
- 
- > Resource sufficiency for the nation
  - > Sustained livelihood for communities
- 
- > Local supply base
  - > Higher commitment toward community upliftment
- 
- > Generation of local employment opportunities through ancillaries
  - > Improved customer relationships
- 
- > 25% higher freshwater availability for communities
  - > Zero land acquisition for waste storage
  - > Compliance with stricter regulations



**NATURAL CAPITAL**

- > Higher usage of earth resources
  - > Leveraging renewable resources, including recycled water and green energy
- 
- > Identification of new mineral resources
  - > Restoring biodiversity at mining sites
- 
- > Higher ore-to-metal recovery
  - > Higher cost credits through increasing minor metal recovery, gainful utilization of waste
- 
- > Residue treatment and production of value-added products
  - > Recycling and reprocessing of lead
- 
- > 0.5 mn tCO<sub>2</sub>e GHG emission savings by 2025 in operations
  - > 5x water positive by 2025
  - > 3x increase in gainful utilization of waste in smelting by 2025

# Focused on Managing Risks Effectively to Protect Outcomes

Effective risk management being critical to the success of our business, we remain consistently focused on ensuring regular mapping and mitigation of all the risks that can potentially impact our business. We have in place a clearly-articulated risk management framework, which enables us to identify, assess, categorize, address and mitigate all relevant risks through a well-formulated process, with defined roles and responsibilities assigned at every stage. It is structured to ensure continuous mapping and categorization of the risks, their regular monitoring and tracking, review and mitigation through a well laid-out Governance and Process framework.

Our risk management profile is based on a highly transparent system, where teams across hierarchies are encouraged to report any type/category of risk through various online reporting platforms accessible to them. These platforms also facilitate the teams in escalating the risks to the next level. Risk management targets and indicators are clearly defined as part of the risk scorecard, while performance evaluation is done at the management level and above on a regular basis.

## RISK MANAGEMENT FRAMEWORK



### Governance

#### Board Risk Management Committee Overview

- > Reviews key risks along with mitigation plan
- > Guides on strengthening of overall risk management framework

#### Quarterly Review by Management Committee

- > Quarterly reviewed by Senior Management and presented before the Risk Management Committee annually
- > Chief Risk Officer to monitor and co-ordinate

#### Location - Risk Review Meetings

- > Quarterly structured Risk meetings at Location/Unit level and Corporate level to review risks for impact and likelihood along with mitigation plans
- > Updation in Risk Register



### Process

#### Risk Owner Mapping

- > Mapping of risks & mitigation plans in Risk Matrix with KRAs
- > Risk Owner assigned to each risk, to monitor the Risk on ongoing basis







#### Risks Categorization

- > High Impact Risks - Category 4 & 5 - Significant & Critical to be categorized as "Principal Risks"
- > Other Risks

#### Digital Dashboard Tracking

- > Well-organized digitalized repository containing information on all risks across business locations
- > Provides live and swift overview of Risk Register

The table explains some of the prominent risks and the steps adopted to mitigate them.

	 <b>Operational Risk</b>	 <b>People Risk</b>
<b>Types of Risks</b>	<p>Our profitability is dependent on our price realization, which is linked to zinc-lead LME and silver London Bullion Market Association (LBMA) and our cost of production. A negative movement in international prices directly impacts our operating profit.</p> <p>Rising cost of production due to the falling grade of existing mines, higher coal and fuel prices and lower metal recovery also impact profitability.</p>	<p>There is limited availability of experienced underground mining contractors in India. Also, digital enablement in operations attracts increased technological skill and specialization among employees and opportunity for business disruption and risk on the future of the existing workforce.</p>
<b>Mitigation Steps</b>	<p>To offset adverse LME and LBMA price movement, we focus on reducing our cost of production and increase our metal premiums.</p> <p>We proactively manage commodity costs, especially oil and coal basket, to drive lower structural costs via focus on efficiency (consumption norms, recoveries, manpower and equipment productivity) and increase our VAP portfolio.</p> <p>To prevent a fall in ore grades and recovery, we are improving stope ore recovery through better instrumentation and drilling plan and conduct mine by mine study to understand the challenges and peculiarity of every mine location.</p>	<p>Investments are being made in suitably trained external and internal workforce with specialized skills in the domains of digitalization and automation to stay efficient and minimize business disruption.</p> <p>We are hiring expats for specialized jobs in the area of underground mining. We have established the Underground Mining Academy to improve local skillset. We are strengthening capability mapping and skill tracking of contractual manpower via Project RuBaRu.</p>
<b>Risk Class</b>		
<b>Key Capitals Impacted</b>		

- Risk with high probability and high negative impact on financials
- Risk with medium probability and medium negative impact on financials
- Risk with low probability and medium impact on financials or high probability, but negligible impact on financials





### Financial Risk



### R&R and Discovery Risk

#### Types of Risks

Like any large and complex business, our operations are also prone to interest rate volatility on treasury funds, counter-party risk and insurance risk. If the financial policies are not designed well or not implemented rigorously, it could lead to control breakdown and impact our Company's cash reserves, profitability, growth and image.

Our Company's long-term viability depends on its ability to access mineral resources that have the desired geological characteristics, enabling mining at competitive costs.

#### Mitigation Steps

We have adopted a conservative treasury policy revolving around capital protection and yield maximization, in that order.

We have defined policies to mitigate counter-party risks by making the most of our sales on a secured basis, while our investments are only in highly rated debt instruments with defined counter-party limits.

Our investment portfolio is periodically reviewed by an external agency.

We have a well-structured insurance program in place.

One of our strategic priorities is to extend the life of our resources at a faster rate than we consume them, through focus on drilling high-potential exploration targets within mine leases.

To achieve this, we have a strong exploration organization, latest tools and technologies and right fit contractors.

Additionally, our Company has an active portfolio of tenements where it has preferential rights under MMDR Act, 2015 at different stages of approval. It also participates regularly in mineral auctions announced by the government.

#### Risk Class



#### Key Capitals Impacted





**Health and Safety Risk**

The resources sector has inherent hazards and is therefore subject to extensive health, safety and environmental laws, regulations and standards. Any incident can result in property damages, injuries and potential fatalities

and also adversely impact the surrounding communities and environment. Such incidents may result in litigation, disruption of operations, penalties and loss of Company image and goodwill.

Our Company has implemented a set of standards that align its sustainability framework to globally accepted international practices such as International Finance Corporation (IFC), International Council on Mining and Metals (ICMM) and the Organization for Economic Co-operation and Development (OECD) standards.

The Company regularly monitors occupational health, identifies hazards and incorporates analysis in all critical operations. The focus is on capturing leading indicators to eliminate incidents, while continuing to invest in the training of employees and contractors. The focus is also on creating a zero-harm culture across the organization.

associated risks. The first Dry Tailing Plant has been commissioned at Zawar and the Company plans to adopt it at all its mining locations.

To increase the safety of underground operations, we have 100% traffic management and use of technology to reduce man-machine interaction and exposure of risk-prone areas, along with regular trainings. We are constructing an underground workshop to manage and reduce vehicular movement under the surface.

All safety and environmental incidents are thoroughly investigated for root cause analysis and to eliminate recurrence.

Tailings dam management has been a recent area of focus, where the Company is implementing recommendations from global experts to mitigate



- Risk with high probability and high negative impact on financials
- Risk with medium probability and medium negative impact on financials
- Risk with low probability and medium impact on financials or high probability, but negligible impact on financials



**Environment Risk**



**Community Relations Risk**

**Types of Risks**

The Company is subject to extensive environment laws related to emission norms, waste discharge, waste management, etc. Non-compliance with these laws may result in suspension of operations, occupational hazards to employees and cancelation of Consent to Operate.

Inability to provide inclusive growth to the communities and any disruption to their lives due to our operations will cause discontent and can have a negative impact on Company's reputation and social license to operate.

**Mitigation Steps**

The Company has undertaken several initiatives to control air, water and noise pollution, including dust suppression, electronically delayed blasting for minimal vibrations and dust, regular effluent monitoring and waste management.

It has also committed to reducing its environmental footprint by judicious use of natural resources such as water and energy and has taken concrete steps for alternate use of various wastes.

The Company is investing in technologies to minimize emissions and waste generation. It has also invested in wind and solar energy and has already started working towards reducing GHG emissions to meet its commitments as a signatory to the Science Based Targets initiative (SBTi).

Establishing and maintaining close links with stakeholders is an essential part of our sustainability journey and we work with our stakeholders to understand their expectations and alleviate disruptions to the maximum extent feasible.

A baseline and impact assessment study was conducted in FY2022 and a community-need assessment is planned in the current year. The Company will refocus its CSR efforts based on the results of the impact study. The Company has initiated several projects for enhancing the skills of the local youth to increase their employment prospects and for supporting community water requirements, apart from ongoing projects in its focus areas.

**Risk Class**



**Key Capitals Impacted**







**Technology Transition Risk**

Globally, companies are facing disruptions by digital technologies.

Our success depends on our ability to successfully adapt to emerging technology trends, including digitalization. This is an emerging risk for the Company.

We have implemented key digitalization projects, including Collaboration Center, Project Drishti at mines, Project Sarathi for supply chain automation, and EVOLVE for real-time pricing and online purchasing of our metals.

We are exploring digital solutions for exploration, mining operations, mining value chain processing, maintenance and trading in line with new-generation digital technologies and have made a time-bound short-term and long-term digital roadmap. To integrate multiple databases and systems, the OSISoft-PI system has been selected and deployment is in progress.

We are hiring specialized manpower in niche areas such as AI, intelligent automation and advanced optimization.



**Availability of Natural Resources Risk**

We are highly dependent on the availability of water, energy and land. Lack of availability of these resources will hamper our operations and impact future projects.

The Company maintains several water sources in conjunction with the government. A network of Sewage Treatment Plants (STPs) were also set up in Udaipur, which provides a sustainable water source to its operations. Dry Tailing Plants are planned across all mining sites and strengthening of wastewater recycling system with additional Reverse Osmosis (RO) and Multiple Effect Evaporation (MEE) plants in all smelters will further reduce our dependency on freshwater. We are further exploring options to utilize treated sewage generated from other cities/towns situated in the vicinity of our operations.

We are self-sufficient in power through coal-based captive power generation for which we source high calorific value coal from the global market in addition to established linkages from indigenous sources. We have also invested in technologies to minimize emissions and waste generation.

We are aiming at zero waste to secured landfill. Fly ash generated in power plants is sold to the cement industry while major waste from zinc smelters is stabilized in an environment-friendly manner and disposed in secured landfills. Further, use of smelter waste in road construction and cement manufacturing and introduction of fumer, ancillary plants and paste fill technology will help in eliminating land requirement for landfills and would convert wastes into commercially usable byproducts/slag/backfilling and help in manufacturing paver blocks.



- Risk with high probability and high negative impact on financials
- Risk with medium probability and medium negative impact on financials
- Risk with low probability and medium impact on financials or high probability, but negligible impact on financials



**Grey Swan Events**



**Political, Legal and Regulatory Risk**

**Types of Risks**

This covers emerging risks that are unlikely to occur. One such development at the end of the previous fiscal year was the emergence of the COVID-19 pandemic around the world and the consequent measures taken to contain it, such as nationwide lockdowns.

Such events can significantly reduce labor supply and lead to canceled/unfulfilled customer orders, interruption in supply chain management and unavailability of support services.

They can lead to closure of all mining and operating facilities and result in operating loss.

Non-compliance with applicable laws and regulations as well as changes in government policies around royalty mechanism or rates, reduction in export incentives, tax structure, cancelation or non-renewal of mining leases and permits as well as reduction or curtailment of duty and tax benefits available may adversely impact operations and hamper growth.

**Mitigation Steps**

Continuous environment scan  
Preparation, review and implementation of the business continuity plan.

The following actions are planned for future preparedness for such events:

- > Identify critical processes, operations and functions
- > Identify key dependencies and other areas that could possibly affect operations
- > Determine possibility of remote working for core operations
- > Response to medical emergencies where human intervention is drastically reduced
- > Test this plan of pandemic response after its formation

We have a strong team of professionally qualified experts to manage compliance with laws in addition to built-in checks and balances to monitor compliance through technology.

We proactively engage with all government functionaries to ensure that our suggestions and views are heard before policy making, which may impact the industry and our business.

We believe in responsible policy advocacy. We do not contribute funds to any political party.

**Risk Class**



**Key Capitals Impacted**





**Cyber Security Risk**

With growing use of Information Technology (IT), there is an enhanced risk of loss of data, operations and reputation due to exploitation of vulnerabilities in the IT infrastructure.

Leakage of sensitive data and information can affect the organization's smooth operations and performance. Hacking of operational systems may bring complete organization to a standstill, which can lead to production, operational and financial loss to the Company.



**Fraud Risk**

"Corruption, embezzlement, fraud, these are characteristics that exist everywhere. It is regrettably the way human nature functions, whether we like it or not..."

- Alan Greenspan

We have an IT security framework in place, which is periodically reviewed through expert agencies and strengthened to mitigate newer threats and risks.

We have recently deployed ISO standards for Information Security Management and have been accredited with ISO 27001 certification.

We adhere to a strong Code of Conduct and encourage reporting of irregularities through our whistle-blower mechanism.

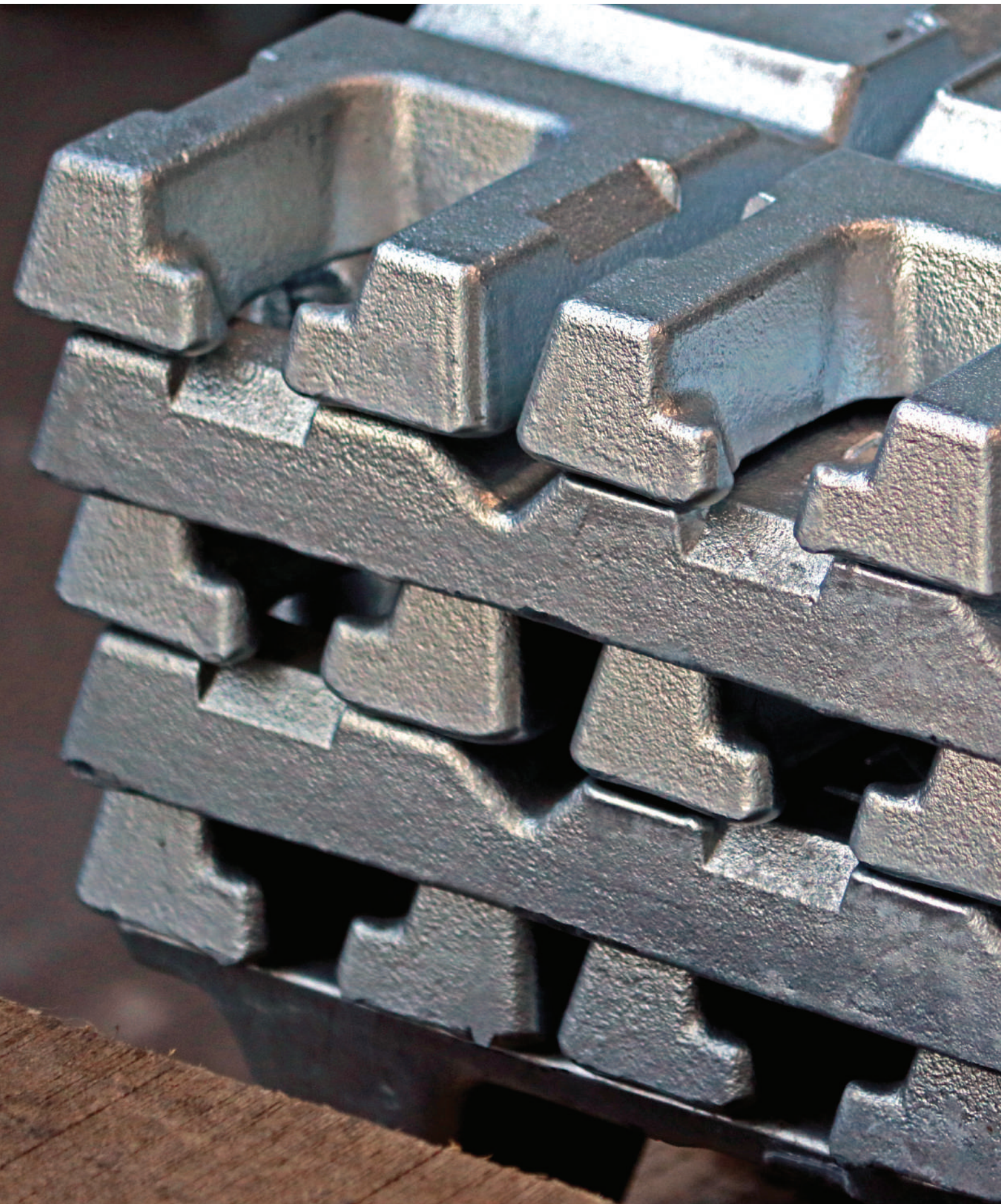
We have various control measures in place to prevent frauds. These are executed via the Foreign Corrupt Practices Act (FCPA) / ethics training, updated SOPs, Training, IT/authorization controls and consequence management.

We are strengthening controls surrounding IT security through physical access control and logical access management.



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# ZINC

## MARKET OVERVIEW

The year started with global lockdown measures and stalled economy. April recorded some of the worst economic indicators and zinc prices crashed to lows of \$1,900/ton. Economic activities started picking up from July as lockdown eased out, followed by a steady rise of LME, partly aided by concentrate tightness due to shutdown of mines in Peru, Chile and other parts of the world.

By the last quarter, rollout of vaccines on mass scale brought the industrial and investor sentiment back on track, and LME rose to a high of \$2,860/ton towards the last week of FY 2020-21. The bull run was supported by a weakening dollar, rising investor confidence, near-zero interest rates and several fiscal stimulus packages announced by governments globally totalling \$15 trillion.

Global demand for zinc totalled 13.2 Mt in CY 2020, shrinking by 4.6%. Most of this demand is expected to recover in CY 2021, with Woodmac estimating a growth of 4.7% in CY 2021, followed by 2.3% in both CY 2022 and CY 2023.

While in India, zinc consumption contracted by 12% in FY 2020-21, on the back of the pandemic. The pandemic-struck first quarter saw demand reduce by 48%. Consumption picked up steadily in the second half, demonstrating a strong “V - shape” recovery. The year closed with Q4 showing a Y-o-Y growth of 6%. Much of this growth came from infrastructure sector, on the back of ₹ 20 lac crore package announced by the Government of India and increased pent-up demand from the automobile segment, post lockdowns.

## Global Scenario

Renewed virus control measures are expected to have a positive impact on demand. Many countries are at various stages of their vaccination programs. Key difference between ongoing attempts to curtail the spread at present and what we saw initially in FY 2019-20 is that the focus of control measures is now more narrow. This means, together with adaptation to new working conditions in sectors such as manufacturing, construction and large parts of the service sector, the impact on output will be modest in FY 2021-22. Given the pandemic situation, governments and institutions are likely to continue their efforts to try and support economies, whereby we expect zinc consumption to grow by 4% in CY 2021, marking the first annual increase in zinc consumption in over three years.

Source: Wood Mackenzie

Zinc consumption expected to grow in CY 2021 by

**4%**

## Products & Customers

Hindustan Zinc is the largest primary zinc producer in India, with 77% market share including alloys, and 80% market share without alloys in 2021. Typically, ~70% of our refined zinc production is sold within India, and the rest is exported to South-East Asian and Middle East countries. However, due to the pandemic-led demand destruction in the Indian market in Q1 FY 2020-21, our exports witnessed an increase in FY 2020-21. Over 70% of Indian zinc demand comes from galvanizing steel, predominantly used in construction and infrastructure sectors. We also produce Continuous Galvanizing Grade (CGG), EPG (Electro Plating Grade) and two grades of zinc for use in die-casting alloys. We are working closely with our customers to make our zinc product portfolio robust in terms of value-added products (VAP). Our focus is on increasing the supply of VAP to 25% of total zinc sales in FY 2021-22, from 16% in FY 2020-21.

## Indian Market & Opportunities

The Prime Minister's vision to make India a 5 trillion-dollar economy, and the Steel Ministry's ambition to enhance India's steel production capacity from 120 Mt to 300 Mt, sets the stage for a strong growth trajectory for zinc. The roll-out of 5G network and the government's ambitious push to achieve 100% electrification is expected to boost the demand for transmission towers.

Indian industries have now started appreciating the need for corrosion protection for the structures. India, as a nation, builds for tomorrow and a rising trend of galvanized rebars usage is evident. The recent establishment of Continuous Galvanized Rebar facility by Madhav Alloys, built in collaboration with Hindustan Zinc and the International Zinc Association (IZA) is a case in point.

As an emerging technology, zinc will also find usage in battery application. It is well-positioned to replace lithium-ion variants, given its abundance in India as compared to lithium, which is mostly imported. This will help reduce India's reliance on import.

We also see growth opportunities for zinc consumption in India in other applications, including zinc metallization of railway tracks, as a nutrient for zinc deficient soil in India, and increased galvanized steel in car bodies in-line with international standards.

In the coming years, there is a significant potential for market development of zinc in India, given the country's low per capita consumption of just 0.5 kg compared to a global average of 1.7 kg. Hindustan Zinc and International Zinc Association are working on developing new applications like Continuous Galvanized Rebar, Zinc Air batteries and Zinc Paints etc., which have promising potential in emerging economy, especially India which has vast coastal belts.



# LEAD

## MARKET OVERVIEW

The COVID-19 pandemic impacted lead demand in CY 2020, reducing consumption by 3.6% Y-o-Y. The outlook, though, is of a strong rebound of 4.5% growth Y-o-Y in CY 2021. The refined lead output increased by 1% in CY 2020 and lead mine production plummeted 7.4% in CY 2020 and is expected to rebound by 3.6% in CY 2021. There has been a significant dropdown in concentrate stocks in CY 2020.

The resilient nature of lead markets means a significant proportion of the impact will be demand deferral rather than demand destruction, with the majority of this deferred demand carried over into CY 2021. Lead Acid Battery industry, that drive more than 80% demand for lead, was muted for Q1 in FY 2020-21 due to the lockdown, but we saw marginal increase in demand in the Lead Acid Battery (LAB) segment, driven by the upsurge in aftermarket demand for replacement of old and discharged batteries. As per our findings, the LAB segment's revenue was approximately ₹ 33,000 crore in FY 2020-21, driven by an aftermarket volume growth of 14% in two-wheelers and 6% in other vehicular batteries. In comparison, OEM exports and industrial battery segments were under pressure in FY 2020-21.

A strong rebound is expected in lead consumption

**4.5% growth Y-o-Y**

Key factors that could affect lead market in CY 2021 are:

- > The post-pandemic green energy transition and the push on EVs
- > Short-term demand
- > Elevated mine disruption
- > Smelter rationalization
- > The Nordenham question

## Products & Customers

India's refined lead market is about 1.1 Mt, including both primary and secondary markets. The demand for primary lead remained stagnant at approximately 250 kt in FY 2020-21. We have increased our domestic share in primary lead market by 14% in FY 2020-21. We sold 85% of our production in the domestic market and exported the rest to the South-East Asian market during FY 2020-21. Next year, we are expecting to increase our sales by 3-4% through new customers, via ecommerce platform and introduction of lead alloys in our product portfolio. We added a total of 60 new customers during FY 2020-21 through normal and EVOLVE sales.

# SILVER



## Global Scenario

- The COVID-19 pandemic had impacted silver demand in most of the segments (Industrial, Jewelry and Silverware) due to lockdown restrictions, supply chain disruptions, lowered inventory replenishment and factories facing labor supply problems. However, physical investment surged by 27% to 236.8 Moz in 2020.
- Lockdown restrictions led to the largest annual drop in mine production, especially in Mexico, Peru and China with total supply falling below 1,000 Moz (31,000 t) for the first time.
- The impact of the COVID-19 pandemic, and the considerable interest this created for safe haven assets, underpinned the 27% rise in the 2020 annual silver price to a seven-year high of \$20.55.
- Going forward, silver is expected to benefit both from its precious metals credentials, against the backdrop of low interest rates and concerns about inflation, and its industrial metal ones, given a synchronized post-pandemic recovery and policy-makers' focus on silver-consuming green energy applications.
- This should help prices build on last year's gains. Metals Focus' projections see silver rally to a peak of \$32 before the end of CY 2021, culminating in a full-year (CY 2021) average of \$27.30, which will be 33% higher than the CY 2020 figure.



## Indian Scenario

In India, the silver demand shrunk to nearly a third in FY 2020-21 due to high prices. As a result, imports declined significantly. The markets also witnessed huge surge in availability of secondary silver by ~300 tons in CY 2020 (144% Y-o-Y growth) from ~120 tons in CY 2019, as investors holding silver as an investment in the form of coins, bars, jewelry, give away gifts started selling it.

## Market Drivers & Opportunities

- The silver demand forecast for CY2021 and beyond is promising as the Indian economy improves, coupled with rising consumer confidence as the market increasingly embraces higher purity, sterling silver jewelry.
- Focus on solar energy, and anti-dumping and other regulatory measures to incentivize production of solar panels in India, will see a boost in silver demand as silver paste is used in photovoltaic cells.
- With industrial demand for silver at just ~19% of overall demand compared to ~50% globally, India has huge potential to drive this demand with conducive policies that

incentivize value added silver products for PCBs, switchgears, solar panels etc. This is more so in PV module manufacturing, as India requires ~450 tons of silver paste for its 8 GW annual capacity, 80% of which is imported. Research efforts are underway at IIT Mumbai and several companies to promote its local development.

Realizing this potential, Hindustan Zinc and Rajasthan Government organized a mega webinar in September 2020, following which many entrepreneurs and MSMEs have set up industrial shops in and around Rajasthan.

## Products & Customers

Hindustan Zinc is India's only primary silver producer and ranks 6<sup>th</sup> globally in terms of the top silver producing companies. We cater to various market segments including the industrial sector (electrical contacts, solder & alloys, and pharmaceuticals), jewelry and silverware. We sell all our silver in the domestic market. Last year, we started spot sales of silver through an e-auction to reduce manual intervention, providing equal opportunity to all our buyers to compete and complete price transparency during sales.

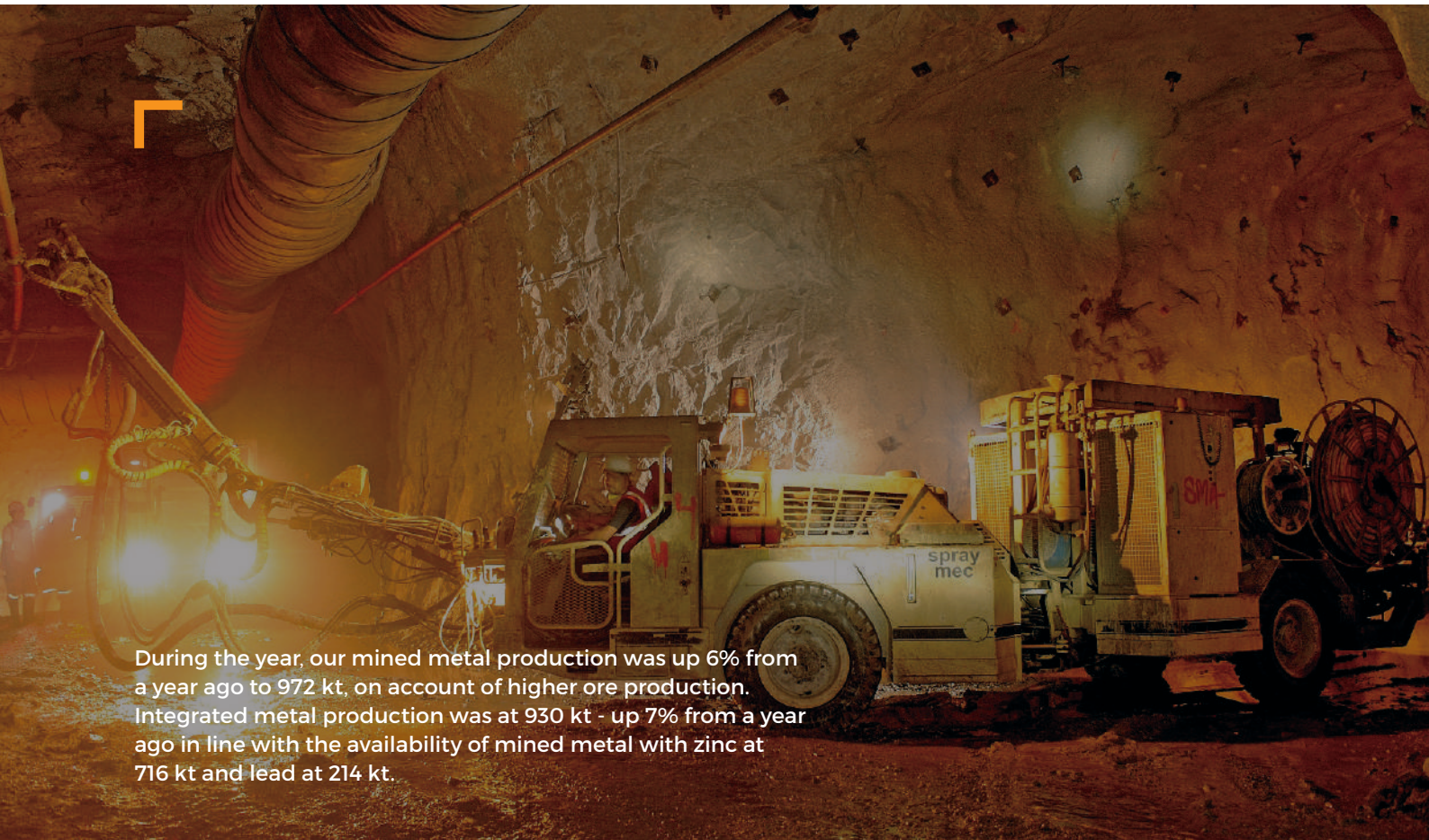




# Mines

## Performance Overview

With sustainable operations at the core of our Mining business, we remained resolutely focused on making our mines more efficient, safe and productive. FY2021 saw Hindustan Zinc report the highest ever ore production, supported by proactive mine planning and backed by increased technology use and better targeting.



During the year, our mined metal production was up 6% from a year ago to 972 kt, on account of higher ore production. Integrated metal production was at 930 kt - up 7% from a year ago in line with the availability of mined metal with zinc at 716 kt and lead at 214 kt.

### Rampura Agucha Mine (RAM) Performance Overview

The second largest zinc mine in the world, the Rampura Agucha Mine stands apart as a massive world-class ore body with zinc-lead reserve grade averaging 13.4%. This stratiform, sediment-hosted, high grade zinc and lead deposit mine posted record-breaking productivity during the year at the back of increased operational efficiencies.

**4.3 Mt**

Ore production up 9% Y-o-Y

**453 kt**

MIC production up 9% Y-o-Y

(As of FY2021)



### Delivering Operational Efficiencies

The year saw RAM make notable progress on enhancing operational efficiencies through better management and focused initiatives to boost savings. Some of the highest ever operational milestones achieved at the Rampura Agucha Underground Mine that represent to showcase our performance efficiencies and productivity include:

- Mine backfilling/pastefilling of RAM at ~1.4 mn cum
- Mine production drilling of ~555 kM
- Mine exploration drilling of 23.5 kM
- Mine development of 3,074 m achieved in a month
- Consumption of fly ash as binder in pastefilling, resulted in direct reduction of cement consumption
- Achieved production drilling of 10,728 m in a single month with one solo (production drill machine)
- Successful installation of online gas monitoring system at UG Workshop
- Chiller unit commissioned below -290 mRL North to supply air quantity of 36 m<sup>3</sup>/sec

With the successful commissioning of Ore Pass 3, the shaft can now be utilized for hoisting ore. The underground crusher can be utilized for increased crushing capacity, while tracks can be used further for waste hauling.

### Shaft Gets New Edge

A slew of measures at the Rampura Agucha Shaft unleashed a series of benefits for the Mine during FY2021.

Shaft Integration with Decline achieved in February 2021

293 TPH High Density Thickener successfully commissioned at RAM in March 2021

Ore Hoisting from Rampura Agucha Shaft initiated in March 2021

Lateral development for Crusher-2 completed and erection of Crusher-2 initiated

#### New Connection. New Efficiencies.

With the completion of the connection of North Decline to shaft bottom, a ~8.9 kM decline has been successfully created, enabling enhanced hauling capacity of the mine. This will lead to quicker manpower transportation and better maintenance of machines. Other benefits include additional fresh air to bottom levels in the north section as well as additional mining fronts to boost development and volume.



### Setting New Benchmarks in Safety

With safety central to our mining operations, we introduced several innovative initiatives to enhance the safety quotient at RAM.

#### First-of-its-kind Underground First Aid Station in India Developed

The station is equipped with advanced medical apparatus to provide critical life-saving support for immediate underground first-aid facility. It is manned 24X7 by trained rescue personnel to aid emergency cases.

#### Underground Man-pass Successfully Commissioned

RAM's first man-pass (from -255L to -280L North) will enable secondary evacuation passage at the time of any emergency in the mine.

#### Rampura Agucha Mine Received Platinum Award at ICQCC

A case study presented by Hindustan Zinc's team on upgrading line of sight to tele-remote production bogging for improved safety.



#### Taking the Digital Leap

Digitalization at RAM got a further push during the year with the implementation of several advanced initiatives:

- > 10 Km mine Wi-Fi network established
- > Online health monitoring of HEMM equipment
- > Live tracking of equipment on 3D map
- > Fill factor monitoring via load scanner
- > Monitoring of substations via CCTV camera

### Raising the Bar Higher

Taking on the challenge of improving the annual recovery of Pb & Zn Ore from the previous fiscal's levels of 52.56% and 87.36% respectively, the RAM team tried to identify issues that could be a barrier to increasing recovery.

The team found the root cause to lie in:

- > High pH of Ore to mill due to paste dilution
- > Reduced susceptibility of reagents due to deterioration in water quality used in reagent preparation
- > Inability to maintain Ore blending & healthy COSP due to less production

To improve the metallurgical performance & increase recovery, the team identified and implemented the following solutions at the plant:

- > Dozing of Sulphuric acid in lead circuit to reduce pH for improved Pb flotation kinetics
- > Preparation of Nigrosine in soft water
- > Reagent preparation in fresh water to improve reagent susceptibility
- > COSP building/Ore blending to minimize frequent mill start-stops & reduce feed variation

These interventions resulted in surge in recovery of zinc, lead and silver, which in turn translated into higher MIC figures for all three in FY2021.

- > 2% improvement in zinc recovery, followed by generation of additional 8,300 tons of Zn MIC
- > 4.5% improvement in lead recovery, followed by generation of additional 2,750 tons of Pb MIC
- > 1.5% improvement in silver recovery, followed by additional generation of 5 tons of silver MIC due to increase in Pb recovery



### Best Practices Implemented

Installation of energy-efficient blower in Stream-1 to reduce power consumption by 0.5 kWh/ton

Reduction in Specific Power consumption in Stream-4 by 4 kWh/ton

Implementation of IoT-based energy management system at Paste Fill Plant leading to 0.5 kWh/m<sup>3</sup> reduction in power

Online condition monitoring system for SAG Mill & Ball Mill gear boxes to improve reliability

Health Assessment Study of 132 kV Overhead line of RAM from 220 kV Gulabpura Substation

Replacement of conventional wooden door by Emergency Exit Fire Door with Panic Exit device as per IS 3614

Repairing of concrete reinforcement of Pb, Zn & Tailing thickeners to ensure structural and equipment safety

### Kayad Mine Performance Overview

The captive unit of Rampura Agucha cluster of Hindustan Zinc, the Kayad Mine has been delivering a sustained ore production rate of 1.2 Mtpa since its capacity was ramped up to its full potential in FY 2017-18, just three years after regular production commenced in June 2014.

**2.63 Mt**  
Reserves

**7.7%**  
TMC

(As of 1<sup>st</sup> April, 2021)

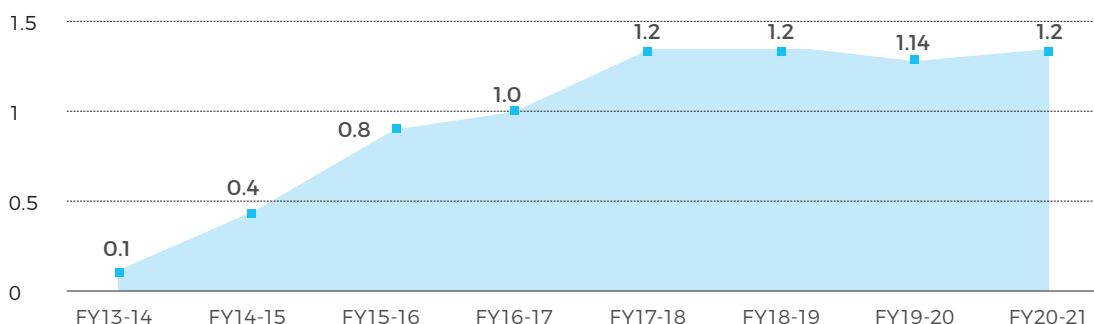
#### Getting Greener & Better

In line with the Company's strong focus on Environment, Health and Safety, the Kayad Mine witnessed major initiatives and interventions to enhance its Green footprint and augment its safety quotient, with increased productivity and efficiency.

- > Solar power plant of 1 MVA capacity commissioned to generate Green energy and reduce carbon emission
- > Vertical Sprinkling in Water Sprinkler for dust suppression in Underground



#### Ore Production (Mt)



### Becoming Safer & Smarter

A series of novel safety and digitization initiatives during the year helped further scale-up the safety, operational efficiency and digital standards of Kayad Mine. Realizing the importance of skill upliftment of underground workers for ensuring safety and performance optimization in mining, we have set up a Training Gallery at the Vocational Training Center.

- Combating COVID-19: To combat the worldwide pandemic, at Kayad mine, we implemented thermal screening of all employees coming on duty and ensured proper sanitization. There was no major COVID-19 impact on business due to robust planning, execution, care & precaution.
- Digitalization in Cement Silo: Installation of Level Transmitter and Differential pressure transmitter leads to:
  - automatic and mechanized backfilling of void in UG
  - overrunning of compressor and optimized cement consumption
  - blocking of fugitive emission of cement, thus ensuring safe and healthy environment
- Reliability enhancement of TH430 model 30T Trucks: Electro-magnetic retarders installed to enable speed control while going down the ramp, enhancing the life of the axle and safety

### The Winning Streak Continues...

- 1 Ranked 1<sup>st</sup> in overall performance in 30<sup>th</sup> MEMC week in Underground Mine category.
- 2 Kayad Team won in the highest category **"Par Excellence"**, for its DMAIC project **"Improvement in Fill Factor"**, at the 34<sup>th</sup> NCQC-2020, organized by QCFI under Allied Concepts category, thus becoming eligible to participate at **International Level ICQC-2021**.
- 3 Kayad Mine received **"State level BHAMASHAH award"** for exemplary CSR work in Education.

- Installation of extended beacon light for better visibility of all LMVs to avoid man-machine and machine-machine interaction
- Three-second delay barrier and motion sensor at pedestrian pathways for signaling to person moving in junction area to avoid man-machine and machine-machine interaction.
- To deal with emergency in mines, stench gas was installed at the mine portal entry to evacuate people to fresh air in the event of an emergency at UG
- Provision of biometric access control in Electric Overhead Traveling crane (EOT) to prevent unauthorized operation
- Kayad Quality Team-SmartQ won cluster level and participated in Hindustan Zinc Level Infinity 2.0 CI Convention-2021





## Rajpura Dariba Mine Performance Review

Operational since 1983, the old underground zinc-lead Rajpura Dariba Mine (RDM) crossed the 1.2 Mtpa ore production milestone in FY 2020-21. This was a notable achievement as the Mine stayed aligned with its Vision to double its ore production even amid the COVID-19 crisis. Successfully overcoming all challenges, RDM, with its multiple production centers, continued to scale new levels of automation and mechanization during the year to stay on course of its growth charter.

### 1.2 Mt

Ore production up 17% Y-o-Y\*

(\*As of 1<sup>st</sup> April, 2021)

### 47 kt

Mined metal production up 5%\*

### Boosting Productivity

Ore production at RDM touched an all-time high during the year, with record production drilling.

A series of innovations led to increased productivity and steady growth for the mine.

- Introduction of shotcrete for dealing with poor ground, civil work and barricade construction, thus leading to improvement in overall productivity
- Installation of new equipment, including grader, water cannon, MinCA, Spraymec and Miller, to achieve higher production targets
- Commencement of production from new Blocks - EU3, NL2 & M5
- Implementation of triple tube for UG exploration drilling led to 70% increase in ore recovery

### Enhancing Efficiency

The growing focus on sustainable growth translated into further enhancement in efficiencies and safety at RDM during the year. The following measures contributed to this improvement.

- Introduction of Charmec and Bulk emulsion explosive for blast optimization thereby reducing charging time and improving progress in every round of development blast
- Commissioning of 1,000 cfm surface compressor at 2060N to improve compressed air flow for drilling machine thereby reducing running hours of existing compressors
- Commissioning of Underground Workshop at -87 mRL for maintenance of equipment and reducing hauling of 6 km to surface
- Completion of Phase-1 shaft shutdown to enhance skip capacity and structural strengthening in journey of shaft upgradation from 0.7 to 1.35 Mtpa
- Strengthening of Ball Mill Main foundation, with the 750m<sup>2</sup> grating replaced in mill thereby improving HSE
- Introduction of table-top XRF metal analyzer for improving mill metal recovery by around 0.25%.
- Implementation of Fibre-reinforced shotcrete barricade for backfilling, thereby improving stope cycle and development saving of around 50m per annum



Execution activities were launched during the year for combined paste-fill and Dry Tailing Plant at Rajpura Dariba, which will help in increasing ore production from 1.2 Mtpa to 2 Mtpa. This will also facilitate additional utilization of tails by ~20% for back-filling, and will reduce stope turnaround time.

Shaft upgradation capacity from 0.7 to 1.35 Mtpa is planned in FY2022 H1 where skip freeboard will be optimized bringing back skip cycle from 30 to 40 skip per hour.



## Sindesar Khurd Mine Performance Overview



With its current capacity of 6 Mt, the world-class silver-rich Sindesar Khurd Mine (SKM) is the largest underground mine in India. A key contributor to the Company's integrated zinc and lead production and the prime mine for its silver portfolio, SKM is one of the lowest cost lead and zinc producers in the country. The mine delivered sustained performance even amid the COVID-19 pandemic, at the back of its operational and cost efficiencies.

**4.8 Mt**

Ore production

**257 kt**

Total Mined Metal Production

(As of FY2021)

Continuous expansion and technological advancements have made it the most mechanized underground base metal mine in the country. Apart from the Main Lens, the mine also consists of multiple standalone deposits, or auxiliary lenses, thus constituting multiple standalone production centers.

### The Smart Edge

An early adopter of new technologies, SKM has expanded its digital footprint further to introduce a new digital way of working with the vision to increase its Overall Equipment Effectiveness by 20% during the year as part of its digitalization program – Drishti. The mine has been equipped with an optical fibre network, which was extended to a Wi-Fi enabled network for use by various utilities. This high bandwidth Wi-Fi network supports a data transfer rate of 10 GBPS. SKM has also recently commissioned an Integrated Control Room for mine and beneficiation plant operations from a single room.

### Minimizing Jamming

By tracking its assets inside the mine using Wi-Fi tags and LASER scanner-based positioning system, SK Mine achieved significant reduction in shift-hour breakdowns to cut down on jamming issues. The average response time to clear jamming issues also reduced by 40%. The control room played a major role in tracking daily operations and critical processes.

### Predictive Maintenance

OPTIMINE analytics and sustained efforts of SKM's digital task force made it possible to predict failure of engine, brake, transmission, retarder and engine cooling system. Shift wise predictive maintenance activities were performed, thus reducing the breakdown hours of Loaders and Trucks. This led to significant improvement in availability of these machines at the mine.

### The Performance Edge

FY2021 saw SKM sharpen its performance edge with several new initiatives to drive efficiency. The result:

- › Mine achieved its highest ever monthly mine development (2,200+ meters) in January 2021
- › Paste filling established at 1,000+ run hours monthly in Q2; tailings utilization went up to 73%
- › Mine reported global benchmark performance of operating 1,095 Hours of Paste Fill Plants in October 2020
- › 90.8% lead recovery achieved in July 2020; remarkable improvement in beneficiation process
- › Mine ventilation capacity enhanced from 850 m<sup>3</sup>/s to 950 m<sup>3</sup>/s
- › Ore production commenced from auxiliary lens SKA1
- › Short Interval Control (SIC) established in operational planning to leverage technology in day-to-day activities of planning, scheduling and tracking
- › Achieved Highest Asset Optimization Score across mining units of Hindustan Zinc
- › Reduction in cement consumption norms, with enhanced utilization of Fly Ash in Paste fill recipe
- › Successfully extracted crown pillar stope with better recovery than planned

During the year, the Graphite floatation system was commissioned at Mill 3 of Sindesar Khurd Mines, which will enhance the smelter throughput and boost recovery.

### Setting A New Benchmark

#### How We Enhanced Operating Hours at Paste Fill Plants

Carrying forward its efforts to challenge the status quo and set new industry benchmarks, the SKM team successfully achieved running operations of more than 1,000 hours consistently in both its Paste Fill plants, thus resulting in significant reduction in underground voids.

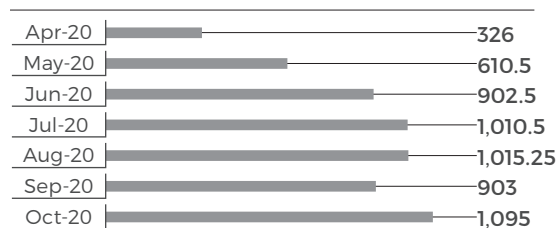
The team, comprising members from plant and underground, used DMAIC methodology for process improvement. (**Define:** identify the opportunities for improvement; **Measure:** identify current performance; **Analyze:** identify root causes for gaps/problems in performance; **Improve:** identify possible solutions and implement, and **Control:** maintain the gains that are achieved.)

Post analysis, the team identified the following **key initiatives:**

- › Detailed advance back filling planning for next three months and ensuring availability of stopes (three stopes at a time for both paste plants)
- › Commissioning of new pipe handler, with pipe handler and one XL to be deployed only for paste filling pipeline work
- › Installing diverter valve in UG for changeover to increase availability
- › To maximize filling, throughput all bore holes with minimum diameter of 254 mm
- › Changes in internal pipeline (MOC) to trellex pipeline, in order to reduce leakages in plants
- › Maintain critical spares for PD Pumps, Filters, Vacuum Pumps & Pumps
- › Mixer Discharge Chute modifications & vibrator installation, to avoid frequent chute jamming
- › Installation of online greasing system in both mixers.
- › Schedule maintenance plan for paste plants during curing time of underground stopes

### The Result

Operating hours increased to a record 1,095 Hours in October 2020.





## Zawar Mines Performance Overview

The highest ever growth in ore production and mine development marked a new milestone for Zawar Mines (ZM) during FY2021. This group of four reserve and resource heritage mines – Mochia, Balaria, Zawarmala and Baroi – have an average zinc-lead reserve grade of 4.70%. Regular reserve upgradation has led to increase in reserve from 14.5 Mt to 31 Mt by March 2021.

**3.9 Mt**

Ore production  
up 21% Y-o-Y

(As of FY2021)

**151 kt**

MIC production  
up 20% Y-o-Y

Ore production capacity at ZM is planned to be increased progressively to 5.2 Mtpa by FY2022. Based on R&R potential, the vision is to take it up to 6.5 Mtpa by FY2024.

Zawar Mines, Baroi Mines and Mochia Mines crossed the highest ever figures for Production, Development, Drilling & MIC in a month during FY2021.

First female mine manager at Zawarmala was inducted into the team.

### Raising the Efficiency Bar

Extensive Innovation and judicious deployment of technology pushed up the efficiency bar at Zawar Mine during FY2021. A look at some of the innovations and technological interventions:

- › Backfill (Hydro fill & Paste fill) plants commissioned at Mochia and Zawarmala mines, respectively, to improve Mining Ore Recovery and global stability
- › Obtained Environmental Clearance for 4.8Mt of Ore Production & Ore Beneficiation for Zawar Group of Mines
- › Started opening up the New Mining Block “Purvanchal” at Balaria Mine
- › Discovered new lenses at shallow depth (Western lenses at Zawarmala Mine and South Baroi lenses at Baroi Mine)
- › Completed Balaria mine decline to connect lower levels to provide decline access, mine capacity enhancement and additional outlets
- › Achieved more than 98% auto production booking system compliance
- › Installed Feeder Monitoring System (FMS) for notification of tripping, over mobile, in view of the complex power distribution at Zawar Mine
- › Introduced Power saving initiatives, resulting in the reduction of GHG emissions by more than 10K ton CO<sub>2</sub>
- › Complete transformation of Zawar Mine from conventional to mechanization
- › Voice communication system installed & commissioned at Zawarmala, Baroi & Mochia
- › Integrated the voice communication system with IP phones at all four Mines, Mill & Surface







With the commissioning of the Backfill plant at ZM, the use of tailings in backfilling will go up, thus in turn increasing the life of the tailings dams. The commissioning of backfill plants at Zawarmala and Mochia mines will de-risk operations and provide opportunity to mine left-out high-grade ore in pillars.

### Growing Sustainably & Safely

ZM's growth trajectory FY2021 mapped significant progress on the critical yardsticks of sustainability and safety.

- › Commissioned the Mill Link Road along with truck parking, to minimize man-machine interaction
- › Completed the layout upgradation and pedestrian path at Mochia Portal
- › Installed & commissioned additional 150 cum/ sec ventilation fans at Balaria for improving Mine environmental conditions
- › Interconnected Underground raise bore at Mochia & Baroi Mine for improving underground environmental condition
- › Commissioned central HSD filling station at DG set and established HSD filling station at Baroi Mine
- › Inducted key service equipment for UG to make operations safe
- › Upgraded the oil handling infrastructure at all sites and at the central store



# Smelters & Refinery Performance Overview

Our Smelter business continued to stay on track with increased growth and expansion in FY2021, despite the pandemic putting temporary brakes on operations. Our unwavering focus on judicious management and prudent cost controls led to enhanced efficiencies and production across the plants.

## Debottlenecking for Expanding Efficiently

A year after we completed the debottlenecking of our smelting capacity to 1.123 Mtpa, we are ready to take the expansion process further to scale efficiencies and productivity.

The blueprint work on smelter expansion from 1.123 Mtpa to 1.20 Mtpa via further debottlenecking is under finalization. During FY2021, we received the Environment Clearance from the Ministry of Environment & Forest (MoEF) expanding CLZS H1 & H2 from 4.20 lacs tons per annum to 5.04 lacs tons per annum.

The Chanderiya Lead Zinc (CLZS) Hydro Smelter reported its highest ever:

- > throughput recorded during the year
- > utilization of melting capacity
- > production of Hindustan Zinc Die-cast alloy



### CLZS Spreads Its Wings

Concerted efforts to streamline operations at CLZS continued during the year. An in-house process was developed to treat blocked inventory of residual zinc oxide. The smelter achieved NAMC (National Awards for Manufacturing Competitiveness) Gold award for its unit-2. In another notable achievement, the recovery of all minor metals from Jarofix waste were patented by VEXL and Hindustan Zinc, CLZS. Further, CLZS received the gold rating in CCQC 2020 case study competition in Rajsamand, and also won First Position in 38<sup>th</sup> National CII Kai-Zen Competition. CLZS has also collaborated with TERI, Delhi for Jarofix yard reclamation methods.

### Safety First at Dariba Zinc Smelter

Safety continued to be the central proposition of the Dariba Zinc smelter's strategic charter during the year. Among the initiatives undertaken were the installation of a Pneumatic wrench machine for bulker top cover bolt tightening and complete fencing of the Cell House emergency tank, tyre washing area and open pits. To reduce hand injuries and implement the 'line of fire' concept, Finger Saver tools have been procured and put in use.

The plant adopted several best practices to enhance its security and safety proposition:

- › Excellent Command and Control Center for security operations
- › Implementation of Integrated Truck Management System at Waste Movement Gate
- › Technology-based solution for tracking quality and efficiency of patrols
- › Training and awareness sessions for continuously exploring technology and automation solutions
- › Sharing of safety alerts and learnings with security personnel during daily stand-downs
- › Public awareness on security & safety during each shift through public announcement system
- › Weekly housekeeping and cleanliness drive Shramdaan by Guard Force at Barracks
- › Open House sessions for building connect with guard force
- › Monthly Safety Choupal involving shop floor employees
- › Elimination of chlorine gas risk at Water Clarifier by substituting the chlorine tonner with Sodium Hypochlorite
- › Implementation of Online Permit System

### Emergency Training

Employee training at Dariba is designed to make them the best in handling emergency situations. During FY2021:

- › Fire-fighting training provided at lead plant for shop floor employees and at CPP
- › SCBA training and Chlorine Leakage handling training conducted with involvement of rescue teams

During the year, our emergency response and preparedness was exemplified during:

- Fire-fighting on outside fire calls, particularly the fire at SBI Bank and Rajyavas Forest
- Rescue operation of animals in nearby village
- Mock drill on Acid tanker leakage

### Protecting the Environment

Environmental protection at Dariba is a way of life, and DSC Zn has also been recommended for ISO 14001:2015 recertification and OHSAS 18001:2007 recertification. ISO 50001 - Energy management certification was awarded to Dariba Smelter and DZS for the first time.

35,000 saplings were planted during the fiscal.

With the installation of In-house Proactive Process Control Composite Sampling System at Purification Plant, manual sampling from Launder with frequency of 1-2 hours was replaced with composite sampling, with Frequency of 5 min/sample. As a result, the probability of capturing impurities in a sample has gone up from 2% to 50% in an hour. The potential savings of this move are estimated at ~500 tons/instance.



# Exploration Performance Overview

The objective of Hindustan Zinc’s exploration team is to upgrade its resources to reserves, and replenish every ton of mined metal to sustain more than 25 years at current rate of metal production, by fostering innovation & new technologies with Zero Harm. The Company has an aggressive exploration program, focused on delineating and upgrading Reserves and Resources (R&R) within our license areas. The Company feels proud to report the highest ever R&R addition in FY2021 within the last decade.

Our exploration team consists of 24 geologists, geophysicists and analysts, responsible for designing and executing exploration programs complemented by outsourced service providers. Technology adoption and innovations play a key role in enhancing exploration success.

In FY2021, we implemented many of the latest technologies including:

Hindustan Zinc conducted a trial based on focused loop Borehole Electromagnetic Survey (FLBHEM) for time domain borehole electromagnetic survey to filter the conductive orebodies from formational response. The approach gave desired results and filtered the effect of formation to resolve the conductors associated with orebodies for optimization of drilling in exploration.

Development of a resource model at Zawar Group of Mines enabled the Company to identify the exploration targets. Undertaking focused exploration, along with re-configuration of mineralization, led to enhancement of the resources. Further upgradation of mineral resources (from ‘inferred’ to ‘indicated’) by surface / underground drilling followed by improved mining methodology, 3D designing of stopes and development of life-of-mine (LOM) boosted the ore reserves.

Hindustan Zinc partnered with service firm Objectivity, Canada, to optimize exploration drilling using DRX drill hole targeting system. It is a drill-hole optimization algorithm that allows geologists to create multiple drill hole layout plans, and subsequently optimizes drilling meters required to achieve the desired target. Initially, it is targeted to reduce 25% of UG exploration drilling meters.

**ATV/OTV & Wireline Logging:** Hindustan Zinc is gearing up to measure the in-situ physical properties for orebody and host lithologies across all mine sites for precise geophysical survey planning and to explore opportunities for non-core drilling based on data analytics for cost optimization. Furthermore, ATV/OTV survey will be utilized systematically across all deposits for automation of geotechnical logging and to delineate the major/minor structures for effective and safe mine planning.

Hindustan Zinc conducted test runs of Tunnel Seismic Profiling (TSP) survey for orebody delineation in underground mines based on density and velocity contrast. Trial has shown promising results, which could potentially lead to reduction in cost of infill drilling in underground mines.

Motorized directional drilling (MDD) has been extensively used to enable more targets to be tested more efficiently at less cost. This technique involves drilling ‘leg’ holes at depth off a mother hole, with technical innovation now enabling up to six legs from a single mother hole.

Gross resource addition of 61.9 Mt with contained metal of 3.1 Mt is the highest resource addition in last one decade. This exploration success during FY2021 has added 45 Mt to Hindustan Zinc's R&R, thus providing opportunities for extended mine life and production growth. All the Company's deposits remain 'open' and exploration identified several new targets on mining leases having potential to increase R&R over the next 12 months. Across all the sites, the Company successfully completed 107.7 km of surface drilling and 248.7 km of underground drilling during the year to add new resources and support in upgrading Resources to Reserves.

In line with previous years, Mineral Resources are reported on an exclusive basis to Ore Reserves and all R&R statements have been independently audited by SRK Consulting (UK).

On an exclusive basis, Hindustan Zinc's Reserves at the end of FY2021 totaled 150 Mt and Resources amounted to 298 Mt. The contained metal in Ore Reserves comprised of 9.2 Mt of zinc, 2.6 Mt of lead and 295.5 Moz of silver while Mineral Resources contained 14.9 Mt of zinc, 6.3 Mt of lead and 618.7 Moz of silver. At current mining rates, the R&R underpins metal production for more than 25 years.



#### Ore Reserve and Mineral Resource (R&R) as on 31<sup>st</sup> March, 2021 (based on SRK audit)

Hindustan Zinc Assets	Total Reserve				Total M&I				Inferred				Total R&R Mt	Total Metal Mt
	Mt	Zn %	Pb %	Ag g/t	Mt	Zn %	Pb %	Ag g/t	Mt	Zn %	Pb %	Ag g/t		
<b>Rampura Agucha</b>	42.7	11.9	1.4	48	10.4	14.6	2.2	64	24.1	8.5	3.1	88	77.2	<b>10.2</b>
<b>Rajpura Dariba</b>	28.2	5.0	1.7	57	8.1	6.4	2.0	73	33.0	6.5	1.9	97	69.4	<b>5.4</b>
<b>Sindesar Khurd</b>	45.3	3.3	2.1	105	46.7	3.9	2.0	99	19.5	3.5	2.1	113	111.5	<b>6.3</b>
<b>Bamnia Kalan</b>					21.2	3.2	1.1	40	20.8	3.4	1.4	45	41.9	<b>1.9</b>
<b>Zawar</b>	31.5	3.1	1.6	23	35.9	3.8	2.0	28	75.2	4.2	2.5	40	142.6	<b>8.6</b>
<b>Kayad</b>	2.6	6.8	0.8	14	0.5	11.9	1.6	27	2.3	6.8	1.2	16	5.4	<b>0.4</b>
<b>Total</b>	<b>150.3</b>	<b>6.1</b>	<b>1.7</b>	<b>61</b>	<b>122.9</b>	<b>4.9</b>	<b>1.9</b>	<b>63</b>	<b>174.8</b>	<b>5.1</b>	<b>2.3</b>	<b>66</b>	<b>447.9</b>	<b>32.9</b>

Mineral resources reported exclusive of ore reserves, reported at variable cut-off grade per mineral asset

# Captive Power Plant Performance Overview

Our Power business is driven by the Vision “to supply reliable, efficient and sustainable power for Hindustan Zinc with ZERO harm and at lowest cost.” Led by our strong Sustainability focus, we are continually investing in strengthening our Green Energy business to reduce Greenhouse Gas emission and carbon footprint. At the same time, we are focused on revamping our Thermal plants to boost operational excellence. Collectively, these initiatives are enabling us to drive exceptional improvement in our CPP performance on all major parameters of sustainable growth.

## GREEN POWER

Our Renewable Power business encompasses Solar Power, Waste Heat Energy and Wind Power. During FY2021, we had a cumulative green power capacity of 349.19 MW, which included 273.5 MW of wind power, 40.42 MW solar power for captive consumption and 35.27 MW captive capacity of waste heat energy. All our wind and solar power projects are now registered under the Gold Standard, which is globally the most rigorous certification for carbon offset projects. Due to this, the Company generated a revenue of ₹ 8.34 crore from the sale of Carbon Credits, significantly higher than last year.

**349.19 MW**

Green Power Capacity

**5,51,695 ton of CO<sub>2</sub>**

Emission Reduced in FY2021



### SOLAR POWER



1 MW of ground mounted solar power plant commissioned at Kayad mine in FY2021

**83.43** mn units produced in FY2021 for captive consumption



### WASTE HEAT ENERGY



Waste heat recovery power plants are registered with the Rajasthan Renewable Energy Corporation as a source of renewable energy

**203.13** mn units of waste heat energy produced in FY2021



### WIND POWER



273.5 MW wind energy plants are located in five states, with long-term power purchase agreements with distribution companies

**362.93** mn units of wind power produced in FY2021



### Reducing the carbon footprint - the way forward

With sustainability an overarching objective of our business strategy, we remain committed to continuous expansion of our Green Energy footprint. We are moving proactively forward towards achieving our goal to reduce our carbon footprint by 5,00,000 ton of CO<sub>2</sub> through a series of innovative initiatives. These include:

- › Installation of 20 MW solar power project at Dariba
- › Commissioning of 35.27 MW Waste Heat Recovery Boiler (WHRB) at Fumer project
- › Installation of 5.58 MW WHRB at Dariba
- › Sifting of Mines Material from underground to surface by Winder, in place of heavy machinery
- › Installation of Variable Frequency Drives to reduce auxiliary power consumption
- › Upgradation of roof-top solar power plant at Head Office, Udaipur, from 100KW to 200KW
- › Revamping of all five unit turbines of CPP
- › Use of Electrical HEMM vehicles in underground mines in place of HSD-based HEMM

## CONVENTIONAL POWER

Thermal Power Business



**102.5%**

Best Utilization factor achieved by Hindustan Zinc CPP in FY2021

Our six coal based thermal power plants have a cumulative power generation capacity of 485.5 MW. In FY2021, Hindustan Zinc CPP generated 4,085 Mn units of power which was 3.73% more than the previous Financial Year.

CPP	PLF (%)	APC (%)	SCC (Gms/kWh)
Chanderiya	97.84	8.14	440
Dariba	99.91	7.78	442
Zawar	83.35	7.54	428

Hindustan Zinc CPP achieved its lowest Specific Coal Consumption of 439 Gms/kWh in last seven years. Also achieved lowest ever Auxiliary Power consumption of 7.99% in FY2021.

Our power business showed remarkable progress during the year due its operational excellence despite the pandemic. Chanderiya & Dariba CPP achieved their best plant load factor. Our Zawar CPP achieved best ever Specific Coal Consumption (428 Gms/kWh) and Auxiliary Power Consumption (7.54%). Further, Hindustan Zinc WHRB STG achieved its best ever generation at 203.13 mn units.

### Scaling Safety, Reliability & Operational Efficiency

In tandem with our ZERO Harm policy, we initiated several new sustainability measures at our CPPs during the year, with the explicit aim of ensuring increased safety, reliability and efficiency of operations.



#### Safety Initiatives

- › Establishment of remote control room for smooth plant operation/safe shutdown of plant in case of any COVID-like situation in control room
- › Weighted CO<sub>2</sub> Flooding System for generator at Chanderiya CPP
- › Installation of automated Pneumatic doors at bottom ash inspection door to avoid fire injury and to avoid the line of fire at all three CPPs



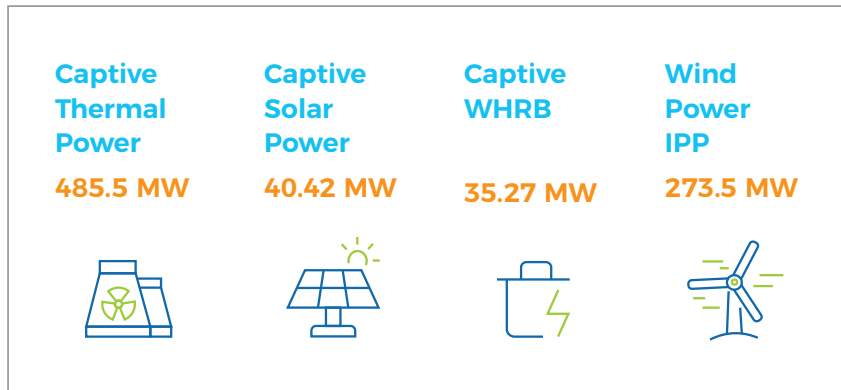
#### Reliability & Efficiency Initiatives

- › Commissioning of 1 MW Solar Power Project at Kayad mine
- › Gold standard registration of all Renewable Power Projects
- › Successful completion of injury-free Turbine revamping of Zawar Unit #4
- › Waiver of charges through advocacy, resulting in financial saving of ₹ 1.3 crore per month from July 2020 onwards
- › Single CWP (Cooling Water Pump) operation at Chanderiya CPP and at Zawar CPP, enabling Power Saving of 0.6 MU in Q3 of FY2021
- › Commission of Pilot project on FGD by Gore Technology to reduce Sulphur Oxide (SO<sub>x</sub>) emissions at Zawar

## Power Business at a Glance

**Captive Thermal Power – 485.5 MW**

**Renewable Power – 349.19 MW**



**834.69 MW**  
Total Power Capacity

### A Rewarding Journey

A multitude of awards and recognitions validated the strength of our business model and the success of our strategy during FY2021.

Chanderiya & Zawar CPP received 1<sup>st</sup> prize and Dariba CPP received Runner-up in Thermal CPP Category in **5<sup>th</sup> Thermal O & M Awards** by Mission Energy Foundation



Won the Gold award in the categories of **“Energy efficiency” and “Water stewardship”** under the flagship **FAME Excellence Awards 2020**



Chanderiya CPP received Runner-up in **“2<sup>nd</sup> edition Water Optimization Awards”** under category of Zero Liquid Discharge Points by Mission Energy Foundation



Dariba CPP was adjudged **“Best water efficient plant <= 500MW”** in Water Optimization Awards 2020 by Mission Energy Foundation



Dariba CPP received **“Eminent Engineer Award 2020** under category of **Innovation”**



Zawar CPP was Rewarded **GOLD award in Occupation Health and Safety Management** by APEX India Foundation





# Sustainability Overview


## Focused on Environmental, Social, Governance (ESG)



**Environment**  100-107

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**Social**  108-133

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**Governance**  134-140

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**समाधान  
परियोजना**  
हिन्दुस्तान जिन लिमिटेड  
जावर माइना, उदयपुर  
राज्य  
समाज कल्याण और सार्वजनिक  
सर्वकारों के लिए



## Committed to Sustainability for Sustained Outcomes

Sustainability, at Hindustan Zinc, is an integral part of the business and of all business decisions. The Company's leadership remains at the forefront of driving its commitment to sustainability.

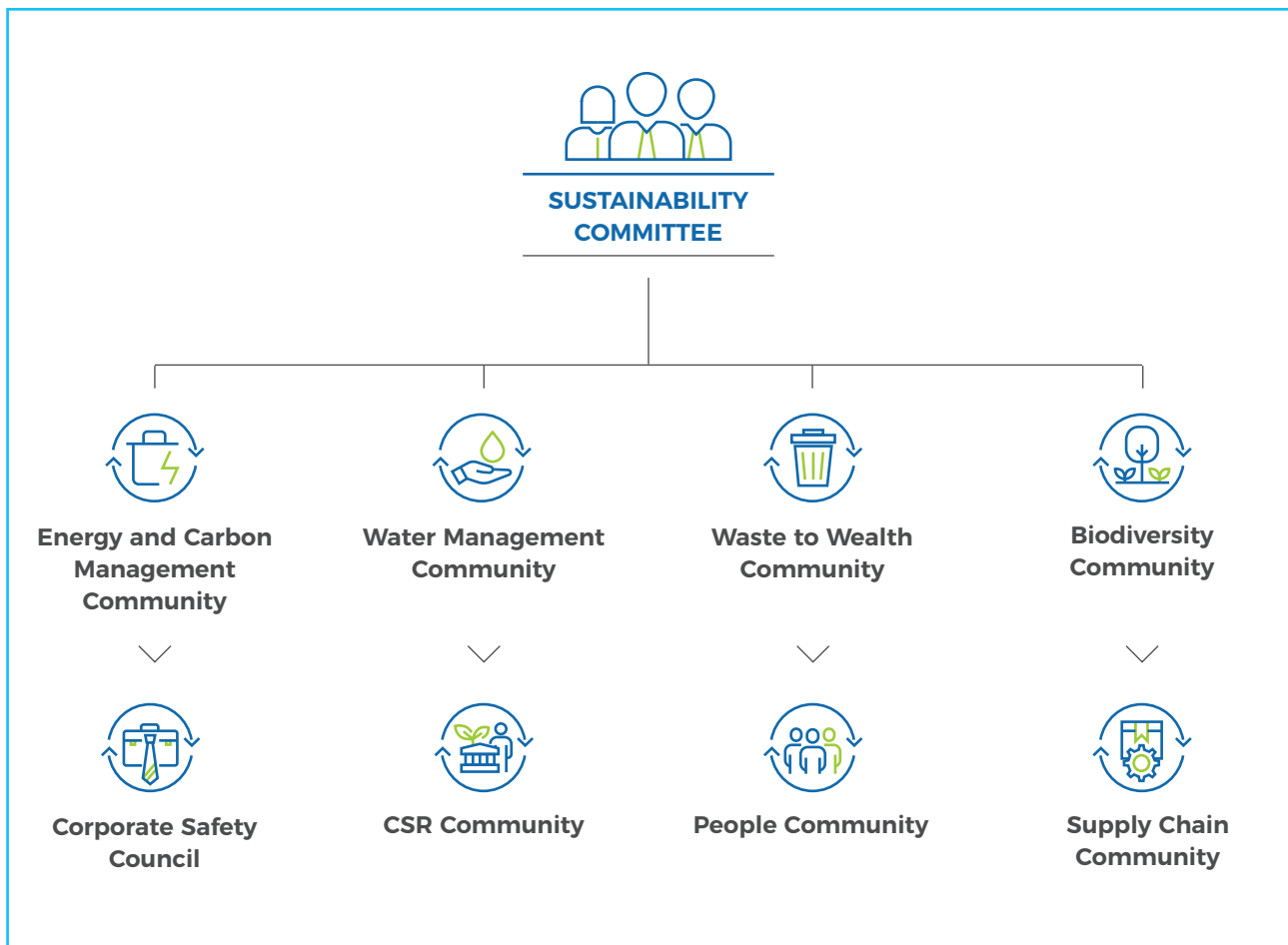
At Hindustan Zinc, it is our endeavor to drive long-term business growth and value creation for our stakeholders with a firm focus on safe operations, minimal environmental impact across the lifecycle, respect for human rights and sharing the benefits with our communities. We have adopted a multi-pronged strategy benchmarked to key global parameters of ensuring sustainable development to propel stable business and economic growth. This enables us to create shared value for all stakeholders in the process..

### Focused on Sustainability Goals 2025 to Map Progress on Outcomes

Driven by our Sustainability vision of **'ZERO HARM, ZERO DISCHARGE, ZERO WASTE'**, we have embarked on an ambitious Sustainability

journey, led by our Sustainability Goals 2025. We identified these Sustainability Goals as an action agenda for the realization of our overarching long-term ambition of creating positive impacts across the value chain. It is our belief that the Sustainability Goals 2025 will help us address the expectations of the entire spectrum of our stakeholders and achieve tangible outcomes. Over the course of the next five years, we are committed to working towards the fruition of these goals, and to realize our purpose of bringing positive impacts in the lives of our stakeholders.

In pursuance of our Sustainability Goals, we have put in place a well-defined and robust framework, led by our Sustainability Governance framework. The framework consists of a high-level Sustainability Committee, led by the CEO, and various Communities for the management of each specific goal. The Committee and the communities regularly map and review the progress and outcomes across each goal.





## Sustainability Goals 2025

### CLIMATE CHANGE

- 0.5 mn tCO<sub>2</sub>e **GHG emission savings** in our operations from base year 2017
- › Focus on renewable energy
- › Electrification of vehicles
- › Efficiency improvements

### WATER STEWARDSHIP

- Become 5x water positive company & achieve **25% reduction in freshwater**
- › Exploring alternative water sources
- › Reduction in fresh water through technological interventions
- › Rainwater harvesting

### CIRCULAR ECONOMY

- 3x Increase in gainful **utilization of smelting process waste**
- › Fumer projects
- › Use of smelter waste in road construction and cement manufacturing
- › Metal recovery from residue

### SOCIAL IMPACT

- **Positively impacting** 1 mn lives through social, economic and environmental initiatives

- › Strengthening the local economy
- › Promoting skilling & education in the region
- › Improving quality of life of communities around us

### BIODIVERSITY CONSERVATION

- **Protect & Enhance Biodiversity** throughout the life cycle
- › Reassessment of biodiversity and development of biodiversity management plan
- › Implementation of critical/endangered species conservation plan
- › One mn plantation drive

### DIVERSITY IN WORKFORCE

- Inclusive and diverse workplace with 30% diversity
- › 33% Increase in participation of diversity leaders in decision-making bodies
- › 33% increase in diversity representation across all levels
- › Review of current policies and framing of new conducive policies
- › Developing/grooming high potential diversity employees through various programs

### ENSURING ZERO HARM

- **Zero Work-related fatalities** and 50% reduction in Total Recordable Injury Frequency Rate (TRIFR)
- › Safety culture transformation
- › Injury reduction plan
- › Critical risk management
- › Process safety management
- › Business partner skill enhancement
- › Visible felt leadership
- › Technology & innovation

### RESPONSIBLE SOURCING

- 100% **Responsible Sourcing** in the supply chain
- › Implementation of LME Responsible Sourcing guidelines
- › Supplier sustainability assessment
- › Human rights training & awareness
- › Ensuring local procurement

Various Sub-Goals and action plans have been identified for the implementation of the planned Goals and effective monitoring of same. These action-plans have been discussed in detail in our Sustainability Review Report.





## Prioritizing Circular Economy for Sustainable Outcomes

As a responsible organization, we, at Hindustan Zinc, have identified transition to circular economy as a key strategic priority to enable sustainable, long-term growth and value creation without increasing the consumption of natural resources. The focus is on building circular economy models designed to transform waste into materials of value, as an important lever of progress.

We have in place a dedicated Waste to Wealth Community, led by our top-level Sustainability Committee, to drive this transition. The Community is continually working on optimization of the use of raw materials and exploring ways to reuse/recycle the waste products created during the manufacturing process. It regularly monitors and reviews the progress on this front, and formulates relevant strategies to achieve 'Increase in 3X gainful utilization of smelting process waste' – one of the Company's Sustainability Goals 2025.

During FY2021, we took several innovative initiatives to steer the shift from the traditional manufacturing approach of 'produce-use-dispose'

to a more efficient, sustainable and environment-friendly methodology. These include:

### — Commissioning of Sodium Sulphate Recovery Plant

- Commissioned a facility to produce sodium sulphate from RO reject at Dariba Smelting Complex (DSC), which will meet 50% demand of sodium sulphate via in-house production of 8,000 Mtpa.

### — Use of Jarosite in Road Construction and Cement Manufacturing

- We aim to increase use of Jarosite in the cement industry progressively – from 70,000 ton/annum in FY2020 to 1,50,000 ton/annum by FY2025. During FY2021, we dispatched 89,031 tons of Jarosite to the cement industry and for road construction.

### — Hydrofill and Pastefill Plant Set-up at Zawar Mines

- With the commissioning of the Hydrofill and paste fill plant at ZM, we have taken a major leap towards enhancing mining ore recovery efficiencies, with better residue management.



**US Patents for 2 Sustainability Technologies**

In an endorsement of its progress on its circularization goal, the Company has been granted US patents for two of its sustainability technologies, developed in-house by our R&D center – ZnTech (formerly known as Central Research and Development Laboratory).

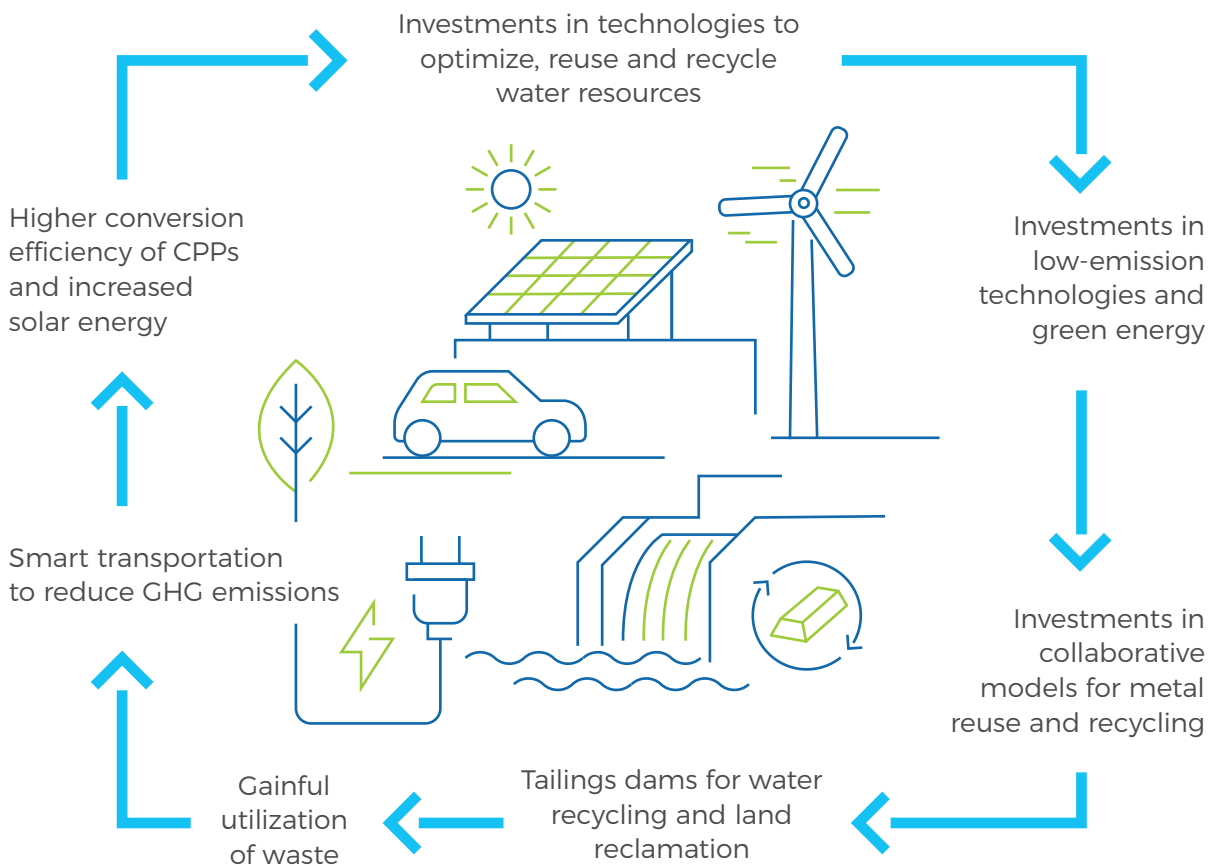
- > US10844551B2 for manufacturing Paver Blocks from process waste
- > US10919924B2 for the method of production of Potassium Antimony Tartrate (PAT) by utilizing Antimony bearing residues

Both these technologies are aimed at creating value from waste, that can be utilized within Hindustan Zinc’s operations and support local entrepreneurs and communities.

**R&D and Circular Economy**

Our Research & Development (R&D) capabilities are playing an important role in propelling our Circular Economy goals. Among the various investments we have initiated in this regard is the development of a Zinc-air battery. The innovation seeks to pave the way for use of renewable power, and for consistency in availability of renewable energy Zinc batteries. We have also started investing in various waste recycling projects to reduce our environmental footprint.

**In addition to specific initiatives, we also continued, during the year, to drive our ongoing technological and operational initiatives towards the realization of our circular economy goals.**





# Environment

## Sustainable Environmental Outcomes



At Hindustan Zinc, we understand the fundamental importance of managing our impact on the environment, as our core business inherently relies on natural resources. We seek to operate responsibly to prevent pollution and minimize our environmental footprint across operations. We focus on minimizing and mitigating our impact on water, land, air quality, climate and biodiversity, and remain committed to engage with stakeholders in harmony to reduce environmental footprint of our operation by deploying resource management systems and controls.



**WATER STEWARDSHIP**



**TAILINGS DAMS MANAGEMENT**



**ENERGY MANAGEMENT**



**CLIMATE CHANGE**



**WASTE MANAGEMENT**



**MAINTAINING AIR QUALITY**



**BIODIVERSITY MANAGEMENT**



## Water Stewardship

Water stewardship is one of the most critical elements of our sustainability framework and a mainstay of our environment conservation strategy. Reducing the amount of fresh water intake we use in our operations, and protecting water quality, reduces our environmental footprint and helps us to maintain community and stakeholder support. We are demonstrating our commitment for water stewardship by using water prudently, maintaining water quality, and engaging with communities to collaboratively manage a shared water resource throughout the mining life cycle.

### Long-Term Commitment Towards Water Stewardship

To support development of sustainable resources, we are focused on two areas: improving water efficiency and working with others to enhance the benefits and availability of water resources. We have taken the long-term target **to be 5 Times Water Positive Company and achieve 25% reduction in fresh water consumption by 2025 from base year 2020.**

Our water stewardship targets are focused on completing actions that align with Sustainable Development Goal 6 which is about **“Clean water and sanitation for all”**. We are also committed for **UN Global Compact Water Action Platform (CEO Water Mandate)**, a commitment to adopt and implement the mandate’s strategic framework and its six core elements for water management.

### Our Strategy

Our operations exist in areas of varying degrees of water stress and hence requires localized strategy. Consequently, we take our water consumption and management extremely seriously. Through our water management policy, we have committed to recognize the social, economic and environmental value of water taking note of the global concern of water scarcity.



### 2.41 Times Water Positive Company

As one of the leaders in the Mining industry, Hindustan Zinc was declared Water Positive Company based on assurance carried out by a third-party organization. With this ratio of 2.41, Hindustan Zinc is certified among the top water conserving companies.

Operating in a water scarce state like Rajasthan, the significance of water is all the more underlined. Being the economic engine for Rajasthan, Hindustan Zinc puts a lot of emphasis on conserving water, with strategies focusing on reduction of water at source, recycling of water, exploring alternative sources of water and replenishing water through various structures. Hindustan Zinc has put persistent efforts into water sustainability. The Company has state-of-the-art effluent treatment plants & recycling facilities, sewage treatment plant, increased water efficiency and rainwater harvesting structures; advancements in which have significantly contributed to this water stewardship drive.

We strive to minimize the amount of fresh water we consume by reusing as much water as possible in our operations. We have adopted a multi-pronged approach to manage water resources:

- 1 Minimizing the Use of Water in Operations
- 2 Increasing the Use of Recycled Water
- 3 Exploring Alternatives
- 4 Monitoring & Auditing
- 5 Developing Rainwater Harvesting Systems to Replenish Ground Water Sources

## Hindustan Zinc Sets up India's First Dry-Tailing Plant

Water conservation is a collective responsibility and a non-negotiable aspect for sustainable development. Conserving water should not just be taken as 'need of the hour' but as an ingrained approach towards the environment. As one of the leaders in the mining industry, Hindustan Zinc has taken several efforts to save, conserve and manage water, while also being environment-friendly and sustainable in its operations. One of the best examples of this, is the Company's Dry Tailing technology. Hindustan Zinc has setup India's first Dry Tailing Plant at their Zawar Mines in Rajasthan.

The Dry Tailing technology is based on separating water from tailings slurry, which is generated in the beneficiation process. Tailings are a mixture of powdered rock and water that is left over after the minerals and metals are extracted from the ore, which needs to be managed in a sustainable manner. Hindustan Zinc repurposes tailings materials and waste rock as backfill to stabilize our underground mining operations,



while the remaining tailings are then placed in a specially designed tailings storage to minimize the environmental, social, and economic risks.

The Dry Tailing system is a one-of-its-kind technology that involves processing of tailings in the most sustainable method. In addition to its small footprint, **key benefits of the dry tailing technology include recirculation of more than 80% of the process water present in tailings**, a faster rehabilitation and restoration of storage site at mine closure and ensuring re-availability of water for further use. This makes the system a highly efficient technology to treat tailings while also conserving water.

## Expansion of Udaipur STP from 45 to 60 MLD

We commissioned a 20 MLD STP in Udaipur in 2014 under a public-private partnership, which is the first of its kind in Rajasthan. Further, Hindustan Zinc and Udaipur Smart City Limited signed an agreement in June 2017 to extend the sewage treatment capacity by another 40 MLD. Of the proposed 40 MLD STP, 25 MLD has been commissioned in January 2019. Another 15 MLD commissioned in FY 2020-21 taking the total to 60 MLD.

### Impact




Sewage water is treated through various steps that include biological processes, wherein the product consists of treated water and manure. These are then used in sludge thickening and dewatering units and treated water is being sent to our operations. Power consumption has also reduced on account of the fully automatic plant and hydraulics mechanism. The process of treatment is environment-friendly as well, since no hazardous emissions are generated during the process.

**The replacement of fresh water for operations by STP treated water has led to increased availability of fresh water for the community.**






### Water Performance for FY2021

#### Sp. Water Consumption m<sup>3</sup> per ton of metal

2020-21		<b>13.92</b>
2019-20		14.51
2018-19		15.73

#### % of Water Recycled

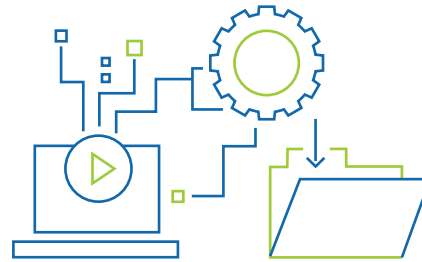
2020-21		<b>40</b>
2019-20		39
2018-19		36



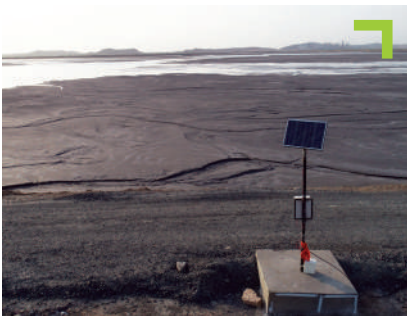


## TAILINGS DAM MANAGEMENT

Hindustan Zinc has implemented global leading practice in tailings dam management and has appointed a global expert to provide long-term monitoring and advice on the design, construction and operation of our three tailing storage facilities. Overall, good construction quality and upgradation of tailings slurry transport and discharge lines with installation of piezometers (and one inclinometer) with automated data collection and web-based monitoring make it world-class.



### 3 Existing Tailings Dams (RDM, RM, ZM)



**Inclinometer**



**Dry Tailing Plant**



**Paste Fill Plant**

#### Governance

- > Tailing Management Policy
- > Vedanta Tailings Dam Management Standard
- > Tailings Storage Facility (TSF) committee comprises of experts from various functions

#### Audit / Review

##### Internal

- > Comprehensive Internal audits / inspection by cross-functional teams
- > Hazard identification & risk assessment carried out and reviewed periodically

##### External

- > Engagement of world-class consultants from Indian Institute of Science (IISc), Bengaluru
- > Independent assessment by global experts to review the integrity / stability of our dam structures and their associated management practices

#### Geotech Monitoring on Tailings Dam

- > Pillar-prism-total station data: Slope displacement
- > Piezometer data: pore water pressure
- > Inclinometer data: sub-surface deformation

#### Process Optimization

- > Tailings utilization in back filling through Paste fill/ Hydro fill
- > Replacement of wet tailing disposal system with dry tailing disposal
- > Supernatant water is collected and recycled in process
- > Using deep cone decanter to reduce water content in mine tailing disposal
- > Garland Drains around Tailings Dam, Zero Liquid Discharge is maintained from tailings dam

## Digitalization-Satellite Monitoring of Tailings Dams, Open Pit and Waste Dumps



Safe and responsible management of tailing storage facilities is an integral part of mining at Hindustan Zinc. We recognize the potential impact of these facilities on the environment, nearby communities and other stakeholders. During construction, operation, maintenance and closure of the tailings facilities, we are taking extensive measures to mitigate the risk of tailings dam failures and incorporate the best available technology to minimize the environmental impact.

Continuous operational and stability monitoring plays a major role in ensuring the safety of tailings dam storage facilities. It involves:

- 1 Regular physical inspections of the structural integrity of the dams, tailings placement compliance with plan and environmental impact.
- 2 Regular instrumental monitoring:
  - Geodetic surveys of pillar-prisms placed on the tailings dams to measure surface displacements
  - Measurements of pore water pressure within the dam using piezometers

- Measurements of sub-surface deformations within the dam using inclinometers

The monitoring involves both qualitative and quantitative analysis of actual vs. expected performance. Regular reviews of monitoring information provide an early indication of performance trends that, although within specification, may warrant further evaluation or risk mitigation actions.

**In 2021 Hindustan Zinc has introduced a novel, satellite based InSAR (Interferometric Synthetic Aperture Radar) monitoring technique to provide early warning of surface ground movements.** This technique allows mapping deformation using radar images of the ground surface that are collected from orbiting satellites. It enables high precision surface displacement monitoring at a mine scale. InSAR monitoring is carried out at 13 sites, including Rampura Agucha open pit, all tailings dams and selected waste dumps. InSAR monitoring augments existing stability monitoring systems and provides greater safety and management assurance.



## ENERGY MANAGEMENT

The Mine and Metal industry is energy-intensive. As a leading player in the sector, we are investing in latest technologies and processes, that are recognized as industry benchmarks, to enhance energy efficiencies.

With a commitment to efficient usage of energy and diversifying our energy portfolio to the extent possible, we are reducing overall energy consumption, improving energy efficiency and using green energy to help mitigate climate change.

### Energy Performance in FY2021

Total Energy Saved - 3,48,953 GJ

#### Sp. Energy Consumption GJ per ton of metal

2020-21		19.96
2019-20		20.39
2018-19		20.47

### Turbine Revamping

Hindustan Zinc has six units of Captive Power Plant across different locations. Due to continuous increase in load demand on account of ongoing expansions and commitment to reduce CO<sub>2</sub> emissions, we have started looking for innovative ways to generate power.

We have decided to move forward with turbine revamping after a detailed study and discussion with OEM as well as various turbine manufacturers.

This project is registered under VERRA (the world's most widely used voluntary GHG program) as a carbon reduction project. Further, turbine revamping of all Hindustan Zinc captive thermal power plants will help in reduction of 2,70,000 tCO<sub>2</sub>e per annum equivalent to 5.6% of annual emission of Hindustan Zinc.



## CLIMATE CHANGE

Reinforcing its commitment to sustainable operations, Hindustan Zinc is supporting the objective of Paris Agreement and encourage that the ambition set out by the Paris Agreement is met or exceeded to limit global temperature rise to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels. We also realize that taking strong action to reduce emissions can not only reduce the risks of climate change but also deliver better growth and sustainable development, to implement this realization into action, **we are working towards achieving Science-Based Targets (SBT's) to reduce carbon footprint by 14% by FY2027.**

Meeting science-based targets in the context of a growing business can be difficult. Responding to this challenge, Hindustan Zinc has implemented a range of measures to reduce its Scope 1 and 2 emissions throughout its life cycle. The Company dedicates its investments on efficient use of energy and also work on gainful utilization of wastes using environment-friendly methods. Hindustan Zinc has a green power capacity of around 349.19 MW, which includes 273.5 MW of wind power (non-captive), 40.42 MW (captive) solar power and 35.27 MW of waste heat power. All our Wind and Solar Projects has been also registered under Gold Standard (GS), which is the most rigorous certification standard globally for carbon offset projects. The Gold Standard is an independent certification standard for carbon credits generated from CDM or VER projects.

Our captive thermal, solar and waste heat recycling power plants provide low-cost and reliable power to our operations. With our commitment towards climate change, we have increased solar power capacity by 2.5 times in the last two years and plan to add more in the near future.



We are pioneer in adopting innovative solutions and smart technologies for responsible mining, **Hindustan Zinc sets a new benchmark as the company leads the way for introduction of Battery Electric Vehicles (BEVs) in underground mining.**

Taking a step closer to achieving carbon neutrality, Hindustan Zinc signed a Memorandum of Understanding with Epiroc for 'Zero Emission and Sustainable Mining by introduction of Battery Electric Vehicle (BEV) in underground mining'. This will help Hindustan Zinc to explore the possibility of introducing battery-operated vehicles in underground mines which will help reduce carbon emissions, enabling the mine operations to become more environment-friendly. **Our inclusion in the CDP 'A List' is a recognition of Hindustan Zinc's commitment and continuous efforts towards climate adaptation and resilience.** We also support reporting via Task Force on Climate-Related Financial Disclosures (TCFD) guidelines. Our TCFD report will detail Hindustan Zinc's governance, strategy and portfolio resilience to a range of climate scenarios.

Partnering as COP26 Business Leaders and Confederation of Indian Industry (CII) Working Group on Driving Accelerated Climate Action, we are firm to work with the trade associations for setting new set of guidelines for effective transition to a low-emissions and climate-resilient future and raising awareness among the large- and small-scale business on the campaigns like Race to Zero and Race to Resilience. The need of the hour is to reaffirm our commitment towards stepping up to the urgent challenge of climate change and help create a sustainable, low-carbon future for all.

During the year, the Company produced solar power of 83.43 mn units, waste heat energy of 203.13 mn units and wind power of 362.93 mn units leading to avoid 5,51,695 ton of CO<sub>2</sub> through green power.



## CARBON FOOTPRINT REDUCTION

The Company is planning to reduce its carbon footprint through following projects leading to avoidance of 5,00,000 ton of CO<sub>2</sub>:

- > Commissioning of 35.27 MW Waste Heat Recovery Boiler (WHRB) at Fumer project
- > Installation of 5.58 MW WHRB at Dariba
- > Sifting of Mines Material from underground to surface by Winder in place of heavy machinery.
- > Installation of variable frequency drives to reduce auxiliary power consumption
- > Revamping of Turbines of CPP
- > Use of Electrical HEMM Vehicles in Underground mines in place of HSD based HEMM



## MAINTAINING AIR QUALITY

Hindustan Zinc is committed to measuring, controlling and reducing air emissions at each of our sites and is implementing systems & procedures to address the concerns of local communities as well as to comply with the environmental license conditions. Through advanced mitigation, measurement and management strategies, it continues to identify, reduce and wherever possible, eliminate any potential impacts to air quality caused by improving operational processes and increasing awareness. The Company has installed online effluent and emission monitoring systems connected directly to the servers of Pollution Control Board.



**MoU with Epiroc (Sweden)**

**Hindustan Zinc Leads the Way for Reducing Carbon Emission in Underground Mining**

- Hindustan Zinc & Epiroc Rock Drills AB (Sweden) sign an MoU for Zero Emission and Sustainable Mining by introduction of Battery Electric Vehicle (BEV) in underground mining
- Hindustan Zinc will become the first mining company in India to introduce electric vehicles in UG mines



**BIODIVERSITY MANAGEMENT**

Protecting and enhancing biodiversity is an integral part of Hindustan Zinc’s commitment to sustainable development. We have developed a unique and exclusive BMP for all our operations. Our dedicated Biodiversity Policy and Management Standard advises on how disruption to flora and fauna should be avoided, minimized or compensated for, from project scoping to site closure and beyond. Our aim is to achieve a minimum of No Net Loss (NNL) of biodiversity and Net Positive Gain (NPG) of biodiversity (in case any critical habitat is present) at all our operations. Massive afforestation program, Peacock Conservation Park, endangered plant nursery, butterfly garden, medicinal park, tree inventorization, plantation on Kalimagri and Ratnagiri are few of the key projects undertaken for biodiversity management.



**Biodiversity Park Development at Rajpura Dariba Mine**

Under the Biodiversity Park project, around 10 ha of land in Rajpura Dariba Complex has been developed where around 50,000 plants of 42 different species were planted to attract local and migratory birds which come to a nearby irrigation pond.



**Jarofix Yard Restoration at Chanderiya Lead Zinc Smelter**

In collaboration with TERI (The Energy and research Institute) CLZS team has used mycorrhiza technology for the restoration of exhausted Jarofix Yard. The technology is a symbiotic association between a plant and a fungus, where the plant provides food for the fungus and the fungus draws nutrients from the soil and add to improvement of cultivation processes, rejuvenation of fertile soils and reclamation of wasteland into productive land in a sustainable manner.

# Social

## Focused on Social Empowerment



As a socially conscious organization, Hindustan Zinc remains consistently focused on fostering close and mutually beneficial relationships with employees, suppliers, customers, shareholders, the government, as well as the communities around which it operates. We are continuously striving to facilitate the holistic growth of all these stakeholders through regular initiatives and investments in their growth, development and welfare. We take all possible steps to protect and secure their interests at all times, in their dealings with the Company.



### Unwavering CSR Commitment

At Hindustan Zinc, our commitment to the society is driven by our inclusive growth strategy. Our Corporate Social Responsibility (CSR) framework is designed to put this commitment into action. We remain connected with the communities in the areas of our operations through a host of engagement initiatives. These encompass diverse areas of development and progress across the most vulnerable groups of the society.



### Our CSR Outreach

**184**  
villages  
in Rajasthan

**5**  
villages  
in Uttarakhand

**16**  
villages  
in Gujarat

**205**  
villages



## Our Key CSR Initiatives Span SDGs 7 Major Areas



### EDUCATION

We are cognizant of the importance of education to the inclusive growth of children, and remain focused on facilitating the same among the communities in our command areas.

Investment in strengthening the educational focus area is the biggest portfolio among Hindustan Zinc's CSR initiatives. Through our educational interventions, we touch the lives of more than 1.8 lacs children and thereby enable them to have a brighter future.

### Our FY2021 Engagement

#### 1. Khushi & Nand Ghar Program

The second phase of Khushi Program has been rolled out, spanning the next five-year period (FY2021- FY2025). In this phase, Khushi is working in 3,145 Anganwadis, covering more than 1,60,000 children in 2,400+ villages of 5 districts of Rajasthan i.e. Udaipur, Rajsamand, Chittorgarh, Bhilwara & Ajmer.

#### COVID-19 Specific Initiatives

- With strong focus on reducing malnourishment, health screening of about 1.32 lacs children was done. 423 CMAM camps were conducted, through which 2,302 children were identified as severely acute malnourished (SAM). Of these, 963 children eventually moved out of SAM category



- To rehabilitate underweight and wasted children without medical complications and prevent future malnutrition, 295 PD (Positive Deviance) Hearth sessions were organized, with more than 10,400 mothers and their children
- More than 2,000+ ASHAs or AWWs were trained as Poshan Preharis to lead the CMAM (Community Based Management of Acute Malnutrition) camp in communities. Also, 300 ANMs (Auxiliary Nurse Midwife) received extensive training on maternal, child and health nutrition
- To ensure food and nutrition security, 1,900 Kitchen Gardens were developed at Anganwadis and households of malnourished children, pregnant & lactating women. Around 1,300+ fruit-bearing plants were leveraged for AWCs (Anganwadi Centre) from the social forestry scheme of the Forest Department

While preschool education continued through WhatsApp and home visits, additionally, individual PSE (Pre-School Education) kits were provided to all the children to help them continue their learning at home. With growing accountability of the stakeholders from the community through continued convergent meetings and sensitization, ₹ 2.61 crore was leveraged during the year through local panchayats, multi-stakeholder alliance etc., for repair & maintenance of Anganwadis, development of kitchen gardens, sanitizers etc.

For sustainability of our larger initiative, Anganwadi Sustenance Committees have been formed at 80% AWCs with more than 23,490 core community members.

### Nand Ghar

The Nand Ghars provide children with safe and friendly learning environment, supported by amenities like safe drinking water, uninterrupted supply of solar power, digital learning facilities, etc. Out of 3,145 Khushi Anganwadis, 314 centers have been converted into Nand Ghars in the last 3 years.

### Shiksha Sambal

During the year, 7,232 students were imparted intensive education through digital technology platforms, as well as through home-based coaching for those who did not have android phones. As a result, about 85% (6,147 students) remained active in their studies even during the pandemic time. Study material was provided to all the students and their learning levels were assessed through open book tests.

### COVID-19 Specific Initiatives

During the year, we took several initiatives to ensure that learning continued amid the COVID-19 outbreak for the students and communities from more than 64 schools of our project. Besides offering Education through online modes



online, we went to the communities, distributed worksheets, created experimented with IVRS, etc., to reach the maximum number of students.

### 2. Unchi Udaan

Our Unchi Udaan project is built on the foundations of Shiksha Sambal, and creates an opportunity for high performing students from government schools of our operational areas to enter Engineering institutions of national repute. Till now, 184 students have been associated with the program, with one batch appearing for JEE (Joint Entrance Exam) exams every year. The first batch passed out with flying colors and all the 26 students of the second batch who passed JEE were placed in Government Engineering Colleges. One student got admission in NIT Jaipur and 12 students in MBM Jodhpur. A total of 40+ students in Batch 6 were inducted through a highly competitive assessment process, evaluated on the metrics of both performance and socio-economic background of the candidates.

### 3. Jeevan Tarang

In the span of three years, 660+ Persons with Disabilities (PwD) have been benefited through this initiative. The focus is on empowering Persons with Disabilities to become contributing members of their families. Hindustan Zinc has taken the first step by catering to the educational needs of PwDs. Also, approximately 560+ such individuals have been trained to use Indian Sign Language through a disciplined curriculum, and approximately 100 visually impaired children have been trained on technology.

**COVID-19 Specific Initiatives:**

- Due to the pandemic, students went through online or virtual modes of training
- 190+ students were actively engaged online and developed strong language foundations in Indian Sign Language. Students can express and understand concepts and instructions in classroom communication
- 38 teachers from special schools were sensitized and trained in ISL (Indian Sign Language) for the first time in Rajasthan

**STRENGTHENING EDUCATION INTERVENTIONS**

The Company has five schools that are directly providing education to more than 2,200 children from vulnerable communities. This year, due to COVID-19 outbreak, online classes were undertaken through technology interventions in the Company-run schools. Project Digital Shiksha continued amid the pandemic, to improve the learning experience of children by building digital capacities of more than 10,000 students. Hindustan Zinc also provides scholarship support for higher education to engineering students, as well as to girls from modest backgrounds.

**Partners**

Ministry of Women and Child Development – Government of India	Department of Women and Child Development – Government of Rajasthan
Care India	Seva Mandir
Jatan Sansthan	Gramin Evam Samajik Vikas Sansthan
Vidya Bhawan Society	Resonance
Sumedha	Educational Initiatives Private Limited
Avanti Learning Centers Private Limited	Noida Deaf Society
Vedanta PG Girls College Ringus	Badhir Bal Kalyan Vikas Samiti
Badhit Baal Vikas Samiti	Shikshadaan Foundation
Muskaan Dream Creative Foundation	

**WOMEN EMPOWERMENT**

We strongly believe that women are fundamental to the growth and development of the society. Our women empowerment programs are focused on making women financially independent and on sharpening their skills to transform them into entrepreneurs besides augmenting their economic capabilities and ensuring their holistic development.

**Our FY2021 Engagement**

Our flagship project “Sakhi” is geared towards mobilizing rural women into Self-Help Groups (SHGs), and developing their capacities in the areas of leadership, skill development and entrepreneurship. Under this project, there are 2,248 SHGs, 207 Village level Organizations and 07 Federations with a membership of 27,517 women. Leadership skills, imparted to more than 500 women through various training and capacity building programs, have resulted in grooming them as future leaders.

Our Samukh Sakhis book keepers were empowered with digital tools such as Safal Saral software this year in order to ensure real-time data, transparency in managing accounting & book keeping of

individual and group records digitally, leading to ease in transactions and minimum exposure during adverse times like COVID-19.

In partnership with the UN, second chance education program was piloted with Sakhi women in Rajasthan wherein, 370 women were enrolled for supporting further education through Open School to complete their 10<sup>th</sup> and 12<sup>th</sup> grade. Another 700 women were benefited through the improved vegetable cultivation, through improved methods and market linkages with an objective to double their earning capabilities.

**Microenterprises** – To groom these SHG women to become rural entrepreneurs, spices, pulses & pickle based micro-enterprise units have been established, engaging 250+ women. These 11 microenterprises with 72 products collectively generated revenue of ₹ 67+ lacs with women earning ₹ 18+ lacs. Business Sakhis are actively working to promote sales of products manufactured in operational villages even during COVID-19 times.

Apart from these, 856 Women Micro-entrepreneurs were encouraged and supported to set up their own enterprises.



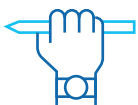
Project Sakhi has federated the women artisans under the brand Upaya. It is a platform that promotes women artisans to hone new skills and link them with the market, thus building a self-reliant social enterprise.

During the pandemic, our Sakhi members supported us in our efforts to reach out to the most affected communities with food and other essential supplies. As many as 3,269 Sakhi members collected more than 10,000+ kg of grains to create a Grain Bank, and supplied foodgrains to the deprived communities in the villages of South Rajasthan. As part of the Sakhi program, a community kitchen was also set up and food was served through it to more than 7,000 migrant workers. The Sakhi members stitched 1.3 lacs masks and body suits to generate a total income of over ₹ 8 lacs. More than 1 lac PPEs and 25,000 sodium hypochlorite liters of solution for fogging were provided to the district administration under this initiative. In addition, regular sodium hypochlorite spraying was undertaken in 180+ villages to check the spread of the infection.

## Partners

Manjari Foundation

Center for Study of Values



## SUSTAINABLE LIVELIHOODS

Providing sustainable livelihood opportunities through focused skill development initiatives for various target groups is a key component of our CSR intervention. Sustainable Livelihood is a critical area to be looked upon in a world that is challenging but has ample opportunities. Hindustan Zinc is now reaching to more than 31,000 farmers & youth by providing them measures for sustainable livelihood by generating market-linked skills to our stakeholders.

### Our FY2021 Engagement

**Samadhan:** Our flagship program focuses on increasing the income of the farming community through sustainable farm practices. 'Samadhan' reached out to 13,838 farmers through agricultural interventions and 15,103 families through animal husbandry initiatives.

Under agriculture, the key highlights and achievements for the year were:

- > 12% increase in maize production with average production of 6.3 quintals per bigha
- > Introduction of **Hi-tech vegetable cultivation program** for production of exotic crops such as strawberry, broccoli & lettuce

- > In the cropping cycle, the farmers earned an increased income of ₹ 90,000 through cultivation of hi-tech vegetables
- > 8 farmers from our communities were recognized both at district & state levels for their exemplary farm practices under the ATMA Awards

**Livestock interventions** - 6,900 artificial inseminations (AI) were undertaken through conventional semen, in which 1,461 female calves were born in FY 2020-21. 534 AIs were performed using Sorted Semen: cutting edge technology which assures the farmer 93% certainty of a female calf. 125 female calves were born from AIs using Sorted Semen this year.

- > Goat AI and sorted semen was introduced for the first time in the state of Rajasthan. A total of 356 AIs were done, and 67 female kids were born
- > Animal health camps were conducted across clusters in collaboration with Animal Husbandry Department, treating 42,995 animals

### COVID-19 Specific Initiatives

**Grain Bank initiative** - During COVID-19, the Samadhan farmers became supporters by providing basic resources for their community. With huge number of daily wage earners losing their livelihood and food supply getting disrupted in some areas, 400 Samadhan farmers pooled in 6,378 kg grains in the grain banks from their fields, for serving the surrounding communities. In addition to this, online platforms were constituted for sharing COVID-19 related awareness & precautions across farmer groups.

### Skill Development Projects

This year, we started our skill interventions in two additional locations, totaling to 4 skill centers. The objective of the program is to provide market-linked skill-based trainings on various trades - general duty assistant, unarmed security guard, micro finance executive, domestic electrician, data entry operator, retail sales executive, BPO executive, etc. During the year, through 3 different projects, 929 youth were enrolled for training in 17 different trades. Of these, 677 have been placed and 252 are still undergoing training. 34% of the total candidates who were trained as unarmed security guards were females. The key highlights for the year were:

- › A special batch was conducted on BPO training at Zawar, Udaipur District during FY2021.



### Partners

BAIF Institute of Sustainable Livelihood Development

Maruti Suzuki

Ambuja Cement Foundation

Tata Strive



## HEALTH, WATER & SANITATION

We are providing a wide array of services to the communities, to ensure easy access for them to health, water and sanitation facilities.

### Our FY2021 Engagement

#### 1. Health

Availing Primary Health Care services has always remained a challenge in the rural areas. As a result, cases of poor health of women, malnourishment among children, and death from preventable diseases are always high. This necessitates a two-pronged response - first to bring quality healthcare services to the doorsteps of the needy, and second, to promote healthcare awareness and contemporary healthcare seeking behavior among communities. We have extended various healthcare facilities, including OPD (Out-Patient Department), special health camps and awareness sessions, across 128 villages at four different locations in Rajasthan

and one at Uttarakhand. A total of 5 Mobile Health Vans (MHVs) have been provided.

In addition to MHVs, health services were also provided through Company-run hospitals and homeopathic centre. Overall, more than 2 lacs patients benefited throughout the year.



## COVID-19 Specific Initiatives

Awareness camps on precautionary measures against COVID-19 were conducted in the nearby villages. Various sections of the community were engaged through these camps, and awareness was spread regarding hygiene practice. In addition, sensitization drives were conducted in 108 villages, and a signature campaign was driven where people took the pledge to follow the necessary hygiene practices to combat COVID-19. Mobile Health Vans were also used to communicate the message. In all, 499 camps were conducted, covering more than 15,000 beneficiaries.

## 2. Water

### Drinking Water Supply

Hindustan Zinc has always supported the community in Rajasthan in getting adequate access to clean drinking water. We have revised our approach from temporary water solutions to community-owned sustainable water management. During the year, we installed a total of 7 RO hub plants and 28 standalone ATMs for

providing safe drinking water to 35 of our operating villages/hamlets, thus benefiting over 4,600 households 16,000 villagers. In total, 13 RO Hub plants and 39 standalone ATMs are now running in 52 villages.



### Partners

Smile Foundation

Jimmedari Foundation

Wockhardt Foundation

Shri Shubham Seva Sansthan



## COMMUNITY ASSET CREATION

We have identified Community Asset Creation as vital to our CSR goals, and work closely with villagers to develop assets for their communities. We look at the creation of an appropriate physical asset for communities as the most tangible expression of our commitment towards their continuing development. We engage with the villagers to transform their habitation into a model village through targeted initiatives.

### Our FY2021 Engagement

We undertook several projects aimed at addressing the basic needs of the rural communities.

Construction of community halls, school infrastructure, roads, cremation centers & drains etc., were some of our initiatives towards the development of model villages. Our interventions were in line with the requirement of the concerned rural community.

We are well-versed with the importance of safe and hygienic potable water as well as health to the sustenance and development of the rural



communities and we have worked on creating robust infrastructure for the same. Some of the initiatives undertaken by the Company on this count included construction of water tanks and repair & maintenance in Primary Health Centers and veterinary hospital.

Our community infrastructure development initiatives spanned 109 villages, developing government schools by providing basic amenities in 47 schools, benefiting more than 1,20,000 villagers.





## SPORTS & CULTURE

We believe that inclusive development requires a holistic approach for the development of individuals and communities, with sports and culture as an integral part of it.



### Our FY2021 Engagement

#### Sports

**Zinc Football (ZF)** - Hindustan Zinc has initiated a massive program in Rajasthan, directed at achieving grassroots development, as well as excellence in football.

- › **ZF Schools (Football for All)** - With the philosophy that “every child should have an opportunity to play”, ZF has set up 12 community football centers, where 350+ boys and girls receive football training by certified coaches.
- › **ZF Academy (Football for Excellence)** - This is aimed at nurturing talent to develop future football stars for the state and the country. At the heart of this initiative is a residential academy with world-class facilities at Zawar, and the country’s first ever ‘technology-hinged football training’ center. The Academy is currently training 40 children, who are coached using innovative training programs with equal emphasis on learning and playing.
- › **Accomplishments**
  - i. During the year, ZFA U-16 team won National Futsal Championship, beating 6 states at Jaipur.
  - ii. ZFA U-17 team won National Nohar Open Football Tournament at Hanumangarh, beating Punjab in the finals.

#### COVID-19 Specific Initiatives

**Distance Learning Programme (DLP)**, launched during COVID-19, features online mentoring, video sharing, physio sessions and practice drilling sessions with boys at home.

#### Culture

The Company continues to support cultural events to make them accessible for all.

#### Ajmer Dargah

Hindustan Zinc is the CSR partner under Government of India’s Swachh Iconic Places initiative, as part of the Swachh Bharat Mission. This initiative was rolled out by the Prime Minister of India, under which the Company signed a tripartite MoU with the Khwaja Moinuddin Chishti’s Dargah Committee and the Municipal Corporation of Ajmer to make the Dargah a clean and iconic place. Work is going on in a phased manner, and during the year, LED screens were installed inside the Dargah premises for better communication and imparting messages on cleanliness through visuals.

#### Partners

The Football Link  
Government of India



## ENVIRONMENT & SAFETY

We believe environment protection and safe communities to be vital for sustainable business growth, and remain committed to continually strengthening our CSR efforts around these pillars. We have initiated several measures to ensure the protection of the environment and its sustenance for the future generations. At the same time, our community safety initiatives are contributing to significantly protect the people in villages.



### Our FY2021 Engagement

#### Plantation drive

During the year, we conducted a drive to plant saplings across villages for the enhancement of the green cover of these areas. The drive was aimed at ensuring that the people living in these villages get access to cleaner and healthier air.

#### Solar Lights

Such lights in villages have become a very powerful tool for the safety and convenience of villagers. During the year, 597 solar-powered street lights were installed.



#### Safety in Community

We are continually striving to inculcate a robust safety culture in the communities around our operations. During FY2021, we developed Safety Modules for our communities, covering household and workplace safety aspects in rural settlements. People in the community were given e-training, encompassing electrical safety, chemical handling safety, road safety, home first aid etc. We are also engaged in a project to create master trainers in the community through our development partners. The initiative is helping in the spread of a strong message of safety across our operational areas.

Safety is our prime focus area right from inception of the program and we ensure safety parameters are adhered to regularly. Safety is extended to all 205 villages across our operational areas.







## EMPLOYEE ENGAGEMENT

Our CSR outreach encompasses involvement of our own employees to help them experience first-hand the CSR efforts of the Company. We organize several special programs throughout the year to engage with them, in order to empower them socially.

### Our FY2021 Engagement

Aligning with the Company's value of Caring for Community, we have been fostering employee volunteering by motivating employees to devote their time on under various initiatives.

During the year, we engaged around 1,148 employees through virtual as well as physical platforms.

Some of the activities undertaken were:

- > **Learning Indian Sign Language** - Through this online course, employees learnt Indian Sign Language, to take a step forward towards connecting with our hearing-impaired beneficiaries.

- > **Skill-based Trainings** - To promote structural and skill-based volunteering, employees took sessions based on their expertise, in areas such as financial planning, cyber security etc.
- > **Support an Anganwadi** - This initiative was focused on identifying the needs of an AWC. It motivated employees to participate in and contribute to enhancing the facilities at community based institutions.
- > **Sakhi Stalls** - To promote in-house products manufactured by Sakhi project beneficiaries, Sakhi stalls were organized at various locations of Hindustan Zinc.

### COVID-19 Specific Initiatives

**COVID Support** - Employees and families came forward and supported the community during the tough COVID-19 times by preparing masks and connecting with the community in various ways.

### Partners

Hindustan Zinc Employees







## PEOPLE AT THE CORE

Our Human Resource (HR) philosophy is inspired by our belief that People are central to our growth strategy. It is led by our Vision to be the most admired employer brand where every employee feels engaged and developed in a high-performance environment and is our best brand ambassador.



**3,719**  
Employees

**18,286**  
Associates (Business Partners)

**4.6%**  
Attrition rate in executives

We have in place a robust HR framework focused on close engagement with our people across the board, at every level. The engagement is driven basis the needs of our employees, encompassing technical, functional as well as behavioral, managerial and leadership aspects, for their all-round development.

Our engagement strategy revolves around four major focus areas of Organization Design, Talent Empowerment, Digitization and Harmonious Industrial Relation.

Our strategic response to these needs is focused on the areas of:

- › Hiring the best talent through scientific methodologies
- › Talent retention through continuous nurturance various interventions at the right time
- › Ensuring their holistic development inclusive of initiatives in Health, Safety and Well-being

### Diverse Workforce for Better Performance

At Hindustan Zinc, we strongly believe that a diverse workforce is the key to high performance, and actively pursue this goal. We target gender parity with equal representation and equal opportunities for both the genders across all levels. Empowering women employees and enabling them to showcase their potential has been the cornerstone of our journey. A conscious effort has been made to improve our gender diversity percentage, which is currently at 15% and as a result India's First women Mine Managers to work in underground mines are from Hindustan Zinc.

Hindustan Zinc has always been a visionary in creating best-in-class facilities for working women which has made us resilient to face the challenges imposed in these unprecedented times of COVID-19 pandemic. We have best-in-class infrastructure like on-site medical facilities, changing rooms, rest rooms, day care centers for kids, residential colonies which enable women

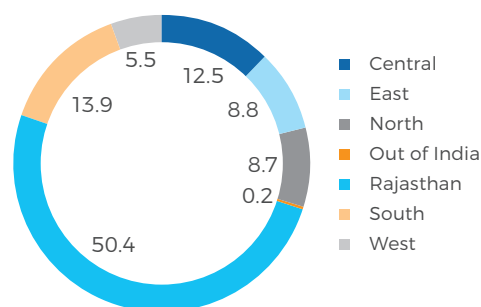
professionals to work productively and meet their basic needs of health and hygiene at workplace. In these critical times, we have ensured that the infected employees and their families are taken utmost care of. We have ensured that they do not face any challenges in terms of basic facilities while they are quarantined and have facilitated them by ensuring meals, grocery, medicines at their door steps. Regular sanitization at townships, facility of 24X7 tele-consultation with doctors and healthcare helpline, online education through own schools are some of the basics which the women professionals in middle and senior levels have to take care-of for their families which our organization has relentlessly ensured. The high Return to Work ratio of our women professionals after maternity break, resonates with one of our core values of 'Care' which is genuinely required for working women to balance between their careers and personal responsibilities.

Our bright and young Executive workforce, with an average age of 31.7 years, adds dynamism to our People Power. We also encourage regional diversity to bring in a different perspective in all Company operations and dealings with the stakeholders. The outcome of these dedicated efforts are visible in our continuously improving processes, and also in the way we conduct our business.

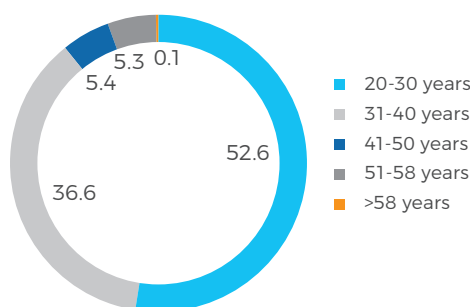
Hindustan Zinc is committed to the cause of promoting diversity and inclusion within the organization and in larger communities who we partner with. Our objective is to achieve parity across all levels starting from our Board. The Diversity & Inclusion policy helps us to define, strategize, plan and implement the essential roadmap, guidance and measurement towards bridging the gaps as we work on different facets that have a bearing on achieving diversity goals. This policy is forward-looking and sets a vision for diversity and inclusion for businesses across all levels.

Our Diversity and Inclusion initiatives focus on holistic perspectives that are aligned to our Diversity and Inclusion vision, strategy and business case. Our vision is to ultimately create an everlasting workplace culture where teams of mixed gender, ethnicity, regional affiliations, physical ability, age, color, marital status, nationality, race, religion and sexual orientation

**Regional Diversity (%)**



**Age Diversity (%)**



are representative of a variety of perspectives and experiences. We proactively reinforce a culture where everyone feels included and respected - an environment where we value differences by providing equal opportunities to one and all.

The bedrock for our approach lies in Leadership and its accountability for D&I, Infrastructure and execution principles, Internal processes and policies around recruitment, development and advancement, Policies on workplace conduct, benefits, work-life and flexibility, education and training specific to awareness on diversity and inclusion, External Partnership with the Community, government relations and social responsibility. We continuously assess and communicate both internally and externally to bridge the gaps.

**Promoting Learning and Development**

In an effort to consistently improve employee performance, we propagate a culture of continuous learning in the organization by providing structured learning opportunities including partnering with institutes of repute. Hindustan Zinc also extends Work Integrated Learning Programs (WILP) to its employees which are of a longer duration giving them an opportunity to enhance skills while working and become future-ready.

The Graduate Engineer Trainee Induction is another flagship program helping the new employee to shape as a professional and enable them to deliver high performance. The program follows the 70:20:10 learning principle. This one-year program is divided into 5-6 weeks classroom training on safety, behavioral, management, operation and maintenance, and the remaining period is dedicated to structured on-the-job training; action learning projects using Six Sigma framework and leadership programs. Six Sigma initiative resulted in an annual savings of ₹ 30 crore.

We have enhanced the capability of our Learning and Skill Development function by incorporating e-learning platforms, learning management system, mobility, artificial intelligence and a 24x7 learning approach.



**16,613**

**Training man-days for Executive's skill upgradation (including WILP man-days)**



**6.48**

**Average training man-days per employee**

### Culture of Engagement

Hindustan Zinc firmly believes that people are its biggest assets and an engaged and productive workforce is the key to sustainable development of the organization.

It is our people who pitch in their best for the growth and development of the Company and we consider it as our cardinal allegiance to keep all our employees engaged by persistently including them in decision-making and encouraging them to share their ideas.

We believe in creating an inclusive environment for our employees and for creating the sense of belongingness, we include the families of our employees through formal and informal networks while planning engagement roadmap.

The Company focuses on ensuring that each employee through his/her lifecycle experiences these four strata strongly in their work areas to bring out the most productive output for the company. To address this, the Hindustan Zinc sustainability framework specifically focuses on these aspects so that these get woven into the organizational culture and values. We have multiple focused interventions such as LEAD, SHE Leads, Managerial Effectiveness Workshops, mentoring to develop the talent pipeline for the organization who will become the future leaders. The senior leadership undergo executive coaching, where individual coaches are assigned to each of the leaders to help and support their leadership journey. We have partnered with some of the best coaching institutes in India for the development of our senior leadership.

Well-being, both mental and physical is brought into the workforce through multiple initiatives. These practices not only reach out to the workforce but also their families to ensure sustenance beyond workplace.

### Collaborating with the Best

We have launched a Work Integrated Learning Program (WILP) for our executives. An extension of reputed institute courses to organizations through collaboration, the program gives opportunity to Hindustan Zinc working professionals to learn while they work. Hindustan Zinc has partnered with premium institutes like IIM-Udaipur and BITS Pilani to offer professional degree courses, engaging 118 executives.





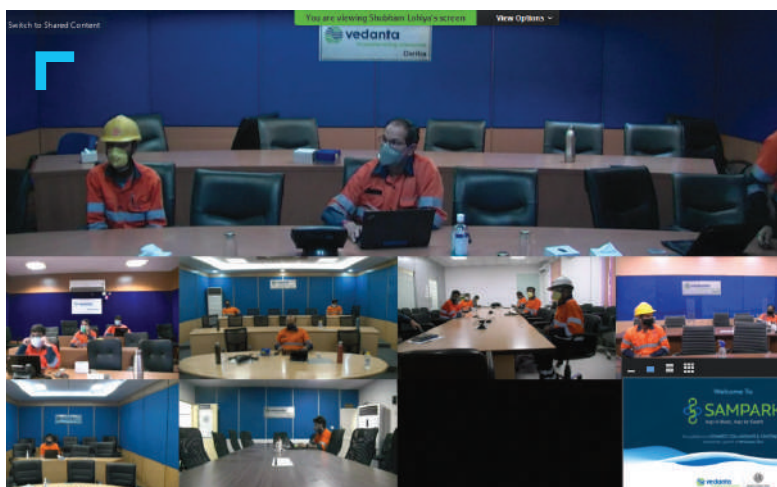
### Managing Performance Mindset

Our robust performance management system is led by specific objective and goals aimed at ensuring that the Company's vision and mission are aligned with the performance of our employees. This involves inculcation of a culture of continuous evaluation, instead of one appraisal cycle, thus making the performance management system fair and transparent. With regular feedback sessions, we give the employees the opportunity for continuous improvement. The employees are also provided with ample opportunities to deliver their best, with their performance linked to rewards.

### ACT-UP

Hindustan Zinc believes in nurturing its talent by identifying High Potential Individuals through various talent identification processes. To continue with our philosophy of developing and encouraging talent and to build healthy talent pool in the organization, we conducted the ACT UP 2020-21 virtually. This process has successfully identified and fast-tracked the careers of many of our current leaders, contributing to the growth of the organization and its leadership team. It is designed to comprehensively assess employees' technical and behavioral competencies through a rigorous assessment process.

Hindustan Zinc witnessed participation of 167 bright minds qualifying for one day rigorous assessment center designed to assess their technical and behavioral competencies consisting of multiple tools such as Technical interview, Multiple Choice questions, Case Study, Behavioral event interview, Psychometric test & Structured Group Discussion.



### V BUILD CEO Workshop

A "theme based" workshop chaired by CEO, CHRO, CFO and respective ManCom members to identify and promote young leaders who can level up to undertake enhanced / leadership role, lead a high impact project, and develop into future-ready leaders who will unlock value for the business. In the current FY, 49 leaders have been identified as V-Build Talents. To anchor their growth journey, these talents will be mentored by Senior Leaders and will have a focused individual development plan. They will also undergo programs to enhance their leadership and change management capabilities.

### Program and Its Highlights

**Lead Program - Focused intervention through Development discovery Labs, Coaching sessions and Workshops to build leadership skills. 73 leaders were covered in FY2021.**

**Executive Coaching - A structured 12-month program through individual coaching sessions to improve leadership effectiveness. 28 leaders were covered in FY2021.**

**Managerial Effectiveness Program - A focused 6-month intervention on enhancing the managerial skills through 3 days of workshop, group debriefing sessions including 360-degree assessments and sustainment sessions. 32 leaders were covered in FY2021.**

**SHE Leads - SHE Leads is a coaching based leadership program designed for the women leaders to equip them with the requisite life skills and strategies to stay in the game and succeed. 4 women leaders were engaged in this developmental journey in FY2021.**

We have initiated a structured and high impact learning intervention - Managerial Effectiveness Program, which consists of a 360-degree assessment and an individual feedback session, aiming at new managers to help them transition from an individual contributor to great managers.



### Ensuring Employee Health & Well-Being

We care for our employees' and our business partners' health and well-being, and provide them with well-equipped hospitals across locations. We have some of the best medical insurance and accident coverage policies to help employees deal with medical emergencies. Periodic health check-ups and awareness sessions for all employees are conducted regularly. Not only the physical well-being, but the mental well-being of our employees is also taken care of. We conduct several programs across locations to help employees deal with stress and maintain a healthy work-life balance.

Health and Well-being of our employees and the extended families is of foremost priority. To safeguard and support them from uncertainties and during unfortunate times or distress, we have introduced **'Group Term Life Insurance'** policy with a coverage limit of 5 Times of Fixed Salary of each employee up to a maximum of Free Cover Limit i.e. ₹ 5.5 crore. This policy portrays our value of 'Care' and commitment to the triple bottom line of People, Planet and Prosperity to create a sustainable future as we continue to grow.

### Equal Opportunity Policy

At Hindustan Zinc, we have aligned our People philosophy to the Vedanta Group policies, which recognizes the value of a diverse workforce. We are committed to providing equal opportunities in employment, and to creating an inclusive workplace and work culture in which all employees are treated with respect, care, fairness, sensitivity and dignity. Workforce diversity is a business imperative at our organization and we strive to ensure that our workforce is representative of all sections of the society. We believe that, by doing so, we would be equipped to deliver better business results.

It is our stated policy to provide equal employment opportunities, without any discrimination on the grounds of age, color, disability, marital status, nationality, geography, ethnicity, race, religion, sex, sexual orientation. It is our endeavor to maintain a work environment that is free from any harassment, bullying, direct or indirect discrimination based on above considerations.

### Awards and Recognitions

**"Significant Achievement  
in HR Excellence"**  
in CII - HR Excellence  
Award 2020-21



**"Great Managers Award"**  
awarded to four of our  
managers Kavita Singh,  
Vinod Kumar,  
Rajesh Luhadia &  
Sadhna Verma



**"People First HR  
Excellence Award"**  
Leading Practice  
in Technology  
Deployment in HR





## SOURCING RESPONSIBLY FOR EFFICIENT OUTCOMES

Our Responsible Sourcing approach is centered on driving supply chain efficiencies to enhance our eco-system sustainability. We follow a partnership approach, driven by our Vision to create an efficient supply chain with focus on technology, innovation and collaboration. Our collaborative approach with our business partners provides us opportunities for innovation, thus influencing sustainability performance, co-operation and economic development.

### Material Issues Addressed

#### High priority material issues



Compliance to government regulations



Ethics and integrity



Human rights



Carbon footprint reduction

#### Medium priority material issues

- > Supply chain sustainability
- > Local sourcing
- > Enhanced processes towards transparency & governance for sustainable environment
- > Energy saving and water saving initiatives



### Our Supply Chain Management Approach is Focused on

Providing opportunities to our business partners to leverage collaboration on technology, innovation & digitalization, for long-term value creation and mutual growth.

Exchange of ideas, insights for deeper engagement, knowledge acquisition and intellectual development, focused on enabling end-to-end solutions rather than sourcing a specific supply or service.

Upskilling and empowering the business partners to share responsibility for integrating sustainability and human rights, by building their own management systems & internal controls, and also making it a part of the performance monitoring score card.

Pivoting procurement decisions on Total Cost of Ownership & Value in Use through the life cycle, supported by data & analytics.



**We have identified the following strategic priorities for our business partners to achieve supply chain sustainability**

Stringent selection criteria based on performance and ESG criticality assessment

Monitoring of all business partners on key performance indicators

Ensuring compliance with Hindustan Zinc's Code of Conduct for business partners, benchmarked to internationally recognized standards

Compliance to Vedanta Sustainability Framework for business partners

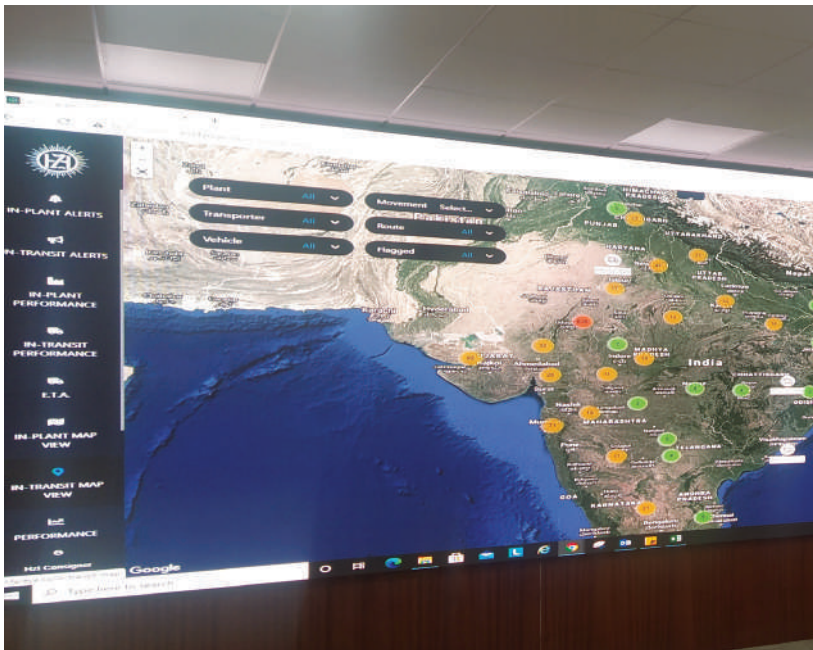
Supply chain digitization for transparency, governance, process efficiency and resource optimization

Collaboration for better sustainability integration in the supply chain

Training on human rights and labor rights

Encouraging local sourcing

Capability development of local contractual workforce of business partners at site



Our procurement practices honor and comply with our Sustainability Goals 2025, including implementation of 100% responsible sourcing in supply chain, ensuring optimal resource utilization through technology-enabled solutions. We have digitized 100% of our supply chain including Procurement-to-Payment process through SAP Ariba, Robos, Project Confluence and Sarathi.

### Business Partner Identification and Onboarding

We use multiple methods for identifying and onboarding our business partners. These include Global Expression of Interest (EOI) on digital & print media, market research & project-specific consulting engagement, online searches, electronic marketplaces, direct approach to identify potential business partner, business partner data benchmarking with own group companies. Registration is done in an extremely transparent manner, through the online registration process on our SAP Ariba System. The process entails filling up of a detailed registration questionnaire form capturing key information, followed by evaluation and approval by the designated authority.

An Ariba helpdesk support team is available 24x7 for any issues while registering or using the portal. We classify business partners as Critical Tier-I and Critical Tier-II, based on assessment of supply chain risk, Hindustan Zinc's business dependency and contract spend across supply and service categories.

In addition to pre-qualification, we undertake technical and commercial evaluation of the proposal offered by our business partner before taking any procurement decision.

### Business Partner Due Diligence

Monitoring and evaluation of business partners' progress in adoption of Hindustan Zinc standards is done through regular audits and reviews, as well as a score card. Desktop analysis and Site Visit reports capture the assessment, and enable allocation of a risk score for the business partner.

### Contract Award to Business Partner

Contracts for supply/services are awarded to business partners through a transparent tendering process & robust techno-commercial due-diligence, using the SAP Ariba Platform.

### Business Partner Feedback

Business partners are encouraged to share inputs and feedback during various stakeholder interactions within our business.



Additionally, business partner's feedback is captured through a third-party survey, with detailed questionnaire to obtain unbiased inputs on our engagement. Survey feedback is actioned with the aim to continually improve our relationship to drive long-term strategic partnerships.

### Business Partner Engagement

We have in place a well-defined business partner connect program across all levels. During the year, we conducted structured engagement sessions with our CEO & ExCo Leadership Team, with the agenda to set right expectations and align the strategic priorities of the business partners with those of the organization.

Through this engagement process, we ensure that our business partners are integral part of our transformational initiatives towards EOHS, Quality, Innovation, Resource Efficiency, Operational Excellence & Compliances.

### Business Partner Training

As part of our efforts to upskill our contractual workers, we include our business partners in various safety training programs such as induction safety training, on-the-job safety training, Safety Town Halls, & Field Safety Audits. We conduct regular trainings for contract workforce on SOP & Trade skills. There is endeavor to continuously upgrade the digital touchpoints for our business partners through Project RuBaRu and other initiatives.



## Health & Safety

# Ensuring +VE Health & Safety Outcomes



A core strategic priority for Hindustan Zinc, safety is a key focus area and consideration in all our actions and decisions. Safety, for us, is non-negotiable and an integral part of our business. We care dedicatedly for the Safety of our people, business associates and communities.

To fulfill our commitment of Zero Harm, we have embarked on a concerted and holistic effort to improve safety and health across all our units, and within the communities in which we operate.

### VISION

Achieving “Zero Harm” to people with the belief that all workplace injuries are preventable

### FOCUSED APPROACH

- › Recognizing occupational safety as a core value, and driving responsibility towards Safety, Health & Environment (SHE) to protect the people we work with and the society at large
- › Taking initiatives towards ensuring the utmost safety of our employees and the environment they work in. Our Safety Excellence Journey is a significant initiative on this front
- › Governing safety through the Apex Body, which is the Corporate Safety Council, chaired by the CEO and involving various leaders from all verticals
- › Building the three safety pillars: safety culture transformation, capacity building and process safety management



### STRATEGIC PRIORITIES

- > Achieve zero fatality
- > Achieve zero occupational illness cases
- > Improve occupational health and hygiene
- > Effective high potential risk management
- > Critical review and audit of safety standard implementation

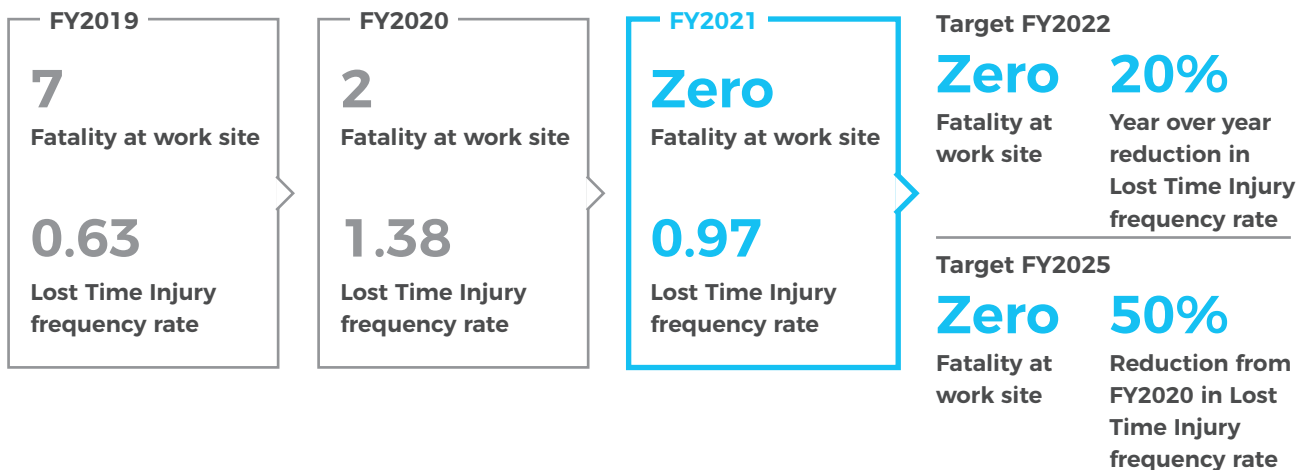
In line with our commitment to ensure Zero harm to our employees, our leadership had taken on the prime responsibility of providing safe workplace to all employees entering our premises.

In the reporting year, based on the analysis of past incidents, several focused drives like Monthly theme celebration, Hand tool safety, Industrial hygiene,

Sump and pit audit, Housekeeping etc., were conducted throughout the year. The drives were aimed at making the employees more aware about the past incidents, and the preventive measures that resulted in achieving Zero fatality for the year. There is, notably, a significant reduction in LTIs from 86 last year to 51 this year, while our lost time injury rate reduced from 1.38 last year to 0.97 this year.

Though the injury trend at Hindustan Zinc is on the rise for the past two years, mainly on account of more focus on incident reporting, categorization and incident investigation, our leadership has been constructive in taking this as a positive safety cultural shift. This has resulted in more specific efforts towards reducing the incidents and making our workplace incident-free.

### Performance & Commitment



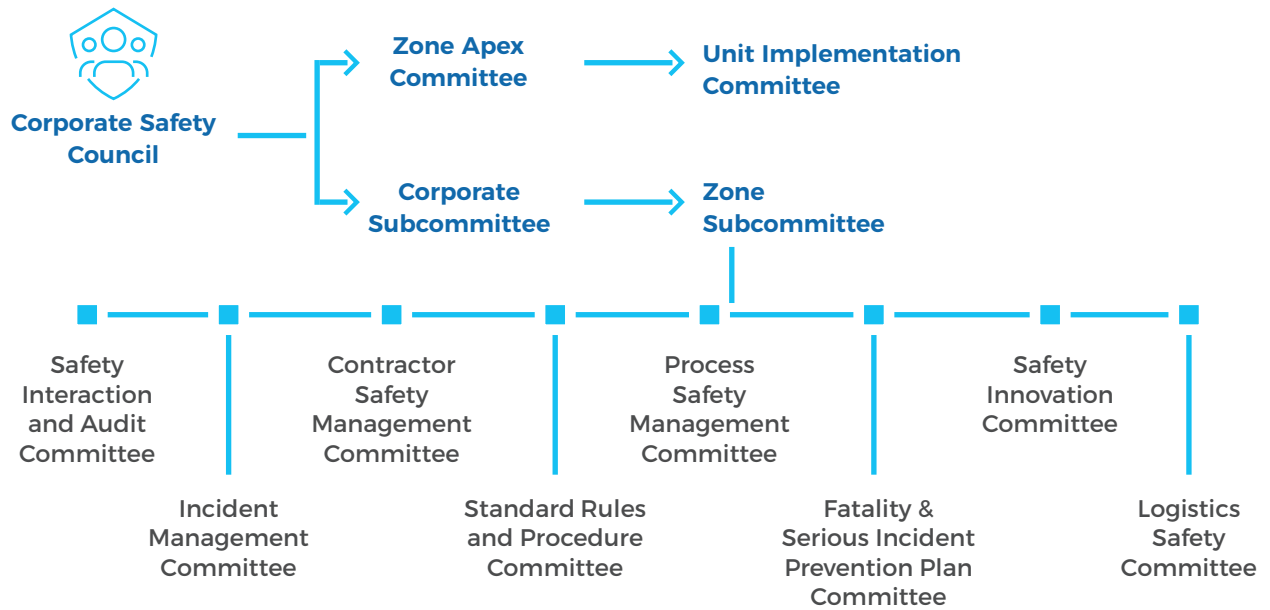
### Safety Governance Structure

We have always promoted safety as one of the most integral cogs of our value system and have adopted best-in-class measures for ensuring the safety of our employees. Initiated in 2013, our Safety Excellence Journey 'Aarohan' is an initiative driven by the desire to protect the people we work with. We are collaborating with DuPont Sustainable Solutions, which is known worldwide for its excellent safety systems, on this front.

Our Corporate Safety Council provides overall direction to the organization's Safety Management System. The Corporate Safety Council is chaired by the CEO, with the Chief HSE Officer acting as

secretary and senior leaders being its members. It is assisted by eight corporate sub-committees and nine zone apex committees to carry out its primary objective of policy development, resource deployment and laying out the strategic safety roadmap for the organization. The role of safety sub-committees is to establish various safety systems, standards, rules, procedures, and help the organization achieve its zero-harm goal seamlessly.

**SAFETY GOVERNANCE STRUCTURE**



**Introduction of Safety Innovation Committee**

To bring more focus on safety innovation and reduce the risk of LTI/MTI/HIPO through technology and innovations, we added the 8<sup>th</sup> Safety Subcommittee - Safety Innovation Committee to our safety governance structure. This committee will work for:

Identifying innovative engineering solutions for High Risk activities.

Eliminate/Minimize manual activities in material handling.

Improve awareness on safety culture through Innovative ways.

Digitalization of safety system.

## Some of the Initiatives Taken During the Year



### 1. India's First Underground Ambulance & First Aid Station Rampura Agucha Mine

During the year, Rampura Agucha Mine developed India's first underground First Aid Room & Underground Ambulance Station. This occupational health & medical facility has been established in the underground mine at a depth of 600 meters from surface.

This First Aid Room is air conditioned for cool environment, and is equipped with all the necessary medical & rescue equipment, such as AED (Automatic External Defibrillators), ECG machine, Oxygen Cylinders, blood pressure monitor, saline facility, with a stretcher bed for resting. The mine will also use this facility for dealing with any emergency situation like fire or flooding. The management has provided trained rescue persons at this underground center in every shift, with advanced ambulance having oxygen facilities and AEDs for providing CPR.



### 2. Digitalization of Safety Standards

With Digitalization clearly the need of the hour, we have driven digitalization across all fields at Hindustan Zinc, be it operations, maintenance or projects, and across all functions. We are working on the development of a digital platform to capture maximum leading indicators and all the lagging indicators, with the objective of ensuring transparency and improving the analytics of data being reported by our employees. Our digital platform has helped us in capturing safety-related observations for intelligent analysis, tracing closure, reduction of manual data capturing, and reduction of error due to human intervention & limitations. To capture more leading indicators, access to all safety-related software were given to all employees of the organization, including contractor workforce, so that anyone who sees any unsafe act or condition or near miss can report the same immediately. All safety software is very user-friendly and can be easily accessed through our web portal or App. All safety-related software is placed on a single Cloud-based platform for better interaction, integration and availability. Daily auto generated reports helps IBUs identify safety concern areas, and ensure proactive action plans for pointed outcomes.

The Hindustan Zinc M-library facilitates availability of all safety-related documents, like Safety standards, Training modules, Safety videos, Policies etc., for all employees at a single click. The Digital Training Passport helps in tracking the individual induction, refresher and other safety-related training details, along with next due date of training. Our incentives and penalties framework is also digitalized through Hazard Reporting Software. We also have an online E-learning module, with monthly online tests and assessments also conducted through digital platforms only. As our data is Cloud-based, it is possible for us do smart analytics using artificial intelligence, which in turn helps us to identify high risks and take proactive measures, thus helping us in our injury reduction plan and achieve Zero harm. We have recently developed a Digital module on Scaffolding safety. We are also equipped with software like Safety interaction-behavior change tool, Incident management, Contractor safety Management, Process Safety management, Hazard Reporting Tool, M-learning, Management of Change, M-Quiz, One Day Safety Officer & Night Duty Officer, 5S software, etc.





### 3. Project RuBaRu

Initiated in FY 2019-20, the project aims to establish a safe and productive environment at our job sites by improving the execution capability of our business partners. The project focuses on four key areas, namely:

- Health, Safety and Environment (HSE) commitment for safe operations and strengthening our safety culture
- Skill enhancement for continuous performance improvement
- Management-in-Place to ensure that our business partners have the right organization structure, complete with right talent in right positions
- Asset optimization to maximize all aspects of our critical equipment

We started this program with select business partners at Rajpura Dariba, in partnership with “Accenture Strategy and Consulting” in FY 2019-20.

In FY 2020-21, the program was extended to cover 24 key business partners across key locations.

Our approach to improvement on the four identified areas entails a rigorous capability assessment of our 4,800+ business partners’ workforce by technically trained supervisors. Following the assessment, a tailored training program is implemented to bridge identified skill gaps. We have partnered with renowned training experts to upskill our business partner workforce.

The training program includes a holistic training methodology, combining aspects of execution capabilities and behavioral skills through on-job trainings, pre & post training assessments, and select classroom sessions to ensure a comprehensive, practical learning experience. The iSkill tool has been deployed digitally to track business partner manpower skill improvement.





#### 4. Visible Felt Leadership

Visible Felt Leadership is the management's total actions that lead people at all levels, to understand and "feel" their leaders' high standards, and accept their strong commitment to safety as being genuine, caring and respectful. Felt leadership depends on senior leaders regularly interacting and engaging with employees by means of observations, wide-ranging conversations about processes and safety, and addressing everyday challenges of the business. It is important for leaders to regularly participate in leading safety activities that are easily observable to promote injury prevention.

Felt leaders successfully engage with their people by being purposely visible in the workplace and being relentless about spending time with employees. Good felt leaders make a positive impression on those they come in contact with, and maintain a strong self-safety focus at all times, while demonstrating their personal commitment to incident-free workplaces.

During the year, we launched the VFL (Visible Felt Leadership) scorecard for top leaders of the Company with the objective of measuring and improving the participation of our leaders in ensuring a safe working culture in the organization. Visible felt leadership score card is applicable to all the senior leadership, including the CEO. This score card measures the performance of senior leadership on the 6 aspects of Safety interaction, Gemba walk, Employee Mass communication, One Safety Project in each quarter, Monthly Safety Tests and Personal Safety Action Plan review of direct reportee.

This score card is being reviewed on monthly basis at the Corporate Safety Council meeting, chaired by the Company CEO.



HSE initiatives saw Business Partners & Hindustan Zinc Leadership conduct on-site Gemba Walk and engage directly with on-ground technical staff during FY 2020-21. More than 170+ Gemba walks have been completed across business partners during the year with Improvement initiatives identified and addressed diligently by business partners. The HSE CAPA portal has been deployed to track business partner improvement initiatives.

We also strengthened the 'Management in Place' program across Business Partner Organization by adding various new roles and strengthening existing roles by appointing competent candidates with respect to skill, qualification and experience. Simultaneously, an online dashboard has been deployed to track and review performance across key leading & lagging metrics of Preventive Maintenance, Condition Based Maintenance and Productivity against leading targets.

**Overall, during the year, 0.65 mn man-hours of safety trainings were imparted to employees and contract employees.**



## Occupational Health Management

In FY 2020-21, we initiated the Occupational Health Assessment / Industrial Hygiene project in collaboration with M/s International Safety Systems (ISS) Inc. The objective of this association was to establish a safe, healthy, and productive environment at our job sites. The project focused on two key areas, namely:

Health, Safety and Environment (HSE) commitment for safe operations and strengthening the safety culture.

Providing an overview on industrial hygiene (IH) and inducting IH champions at individual sites, to characterize health hazards from various performed job tasks and also to aid the medical staff to implement medical surveillance and biological monitoring.





Hindustan Zinc has characterized the various hazards at five mines and four smelters. In addition, an industrial hygiene risk assessment (Qualitative Exposure Assessment [QLEA]), as well as Quantitative Exposure Assessment (QNEA) have been completed for two smelters and one mine. In FY 2021-22, QLEA and QNEA will be completed for remaining sites. The major outcome of this study is the quantification of the employee exposure to various physical and chemical agents at the individual sites, and to develop control strategies to reduce potential health risk.

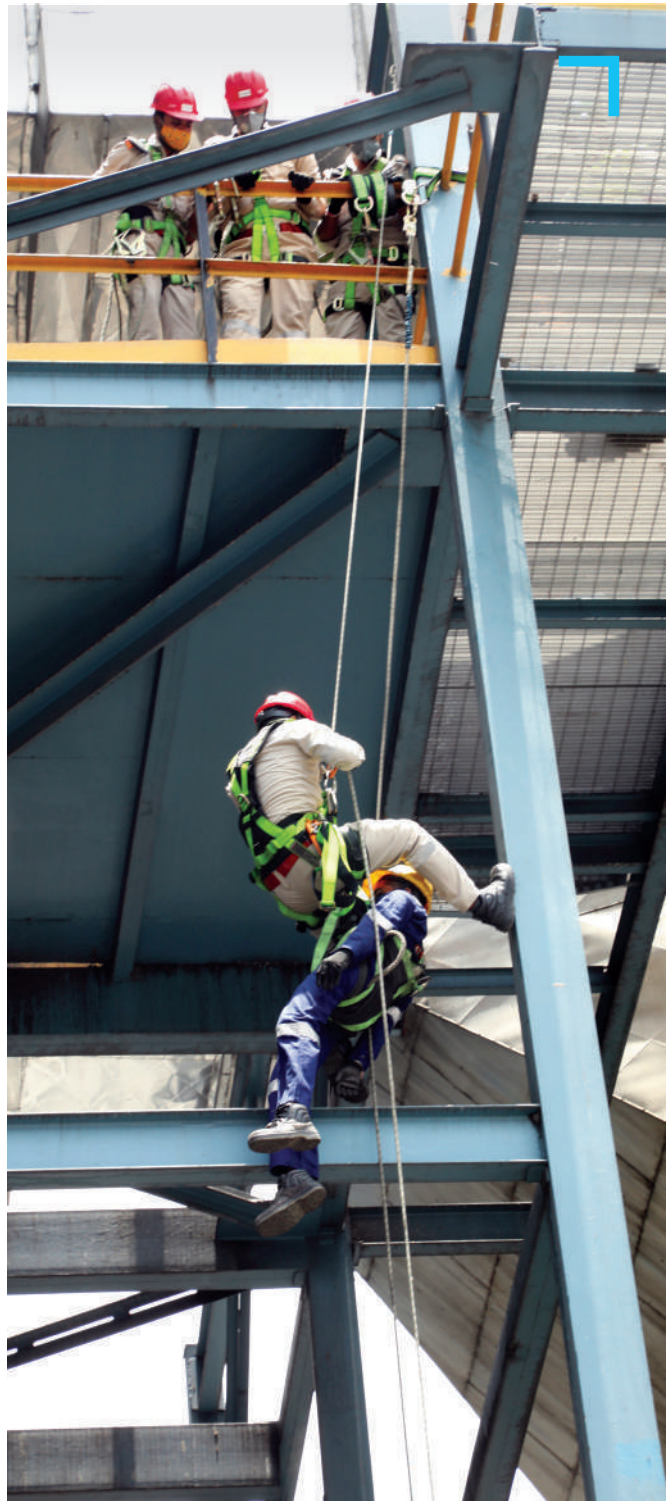
To empower our employees in industrial hygiene and occupational health, Hindustan Zinc has conducted several virtual training workshops Hindustan Zinc is also working closely with medical professionals in developing and implementing targeted medical surveillance program. The training program includes a holistic training methodology, combining aspects of execution capabilities and behavioral skills.

The overall expectation of the successful implementation of the IH program includes:

- › Improved employee health and increased life expectancy
- › Reduction in the number of people who may leave employment early through injury or illness
- › Lower social and healthcare costs as well as maximizing employee potential
- › More efficient working processes with technological improvements and increased productivity.

**There are no cases of occupational health illness reported during the year.**

**During the year, 16,732 initial and periodical medical examinations were conducted.**



# Governance Focused on Governance and Ethics



Good governance, backed by ethical business conduct, stands out as a vital engine of our strategic approach. It is our constant endeavor to create and deliver holistic value across our stakeholder network. We remain committed to ensuring positive business outcomes in the most transparent, fair and honest manner.



## Delivering with Transparency

Our Corporate Governance (CG) philosophy is driven by the overarching purpose of building an environment of trust, accountability, responsibility and transparency. It is designed to promote long-term investment and value delivery by ensuring a culture of ethics and integrity, backed by financial stability and sustainability, to enable stronger and more inclusive growth.

## Robust Corporate Governance Structure

Hindustan Zinc has in place a robust corporate governance framework, centered around the tenets of ethics, transparency, accountability, inclusiveness, equity, and strict adherence to legal principles.

Our three-tier framework promotes corporate citizenship, backed by the highest standards of governance. It is pillared on the tiers of:



**4**

**Cases of sexual harassment grievances were reported and closed**

**ZERO**

**Complaints relating to child labor, forced labor and involuntary labor**

### Strategic Supervision

Our Board of Directors has set up various committees to ensure strategic supervision. The committees, namely Risk Committee, Audit Committee and Stakeholder Relationship Committee, drive the organization's long-term strategic goals. They are tasked with specific responsibilities, with climate change incorporated into their agenda. The decisions of the committees steer the Company's overall management approach.

### Management and Control

Seamless communication between the Company and its Board is ensured through our Executive Committee. The Executive Committee consists of the Company's functional heads and plant heads, including the Chief Executive Officer, the Chief Financial Officer and the SBU Directors. The Executive Committee oversees the management and control functions at Hindustan Zinc, and is the key to implementing the Company's strategies, coordinating the various business transactions, and focusing on process improvements at mines and smelters.

### Execution

The Company follows a decentralized decision-making process, with the responsibility of overall execution and empowerment resting with the Strategic Business Units (SBUs). In fulfilling this role, the SBUs follow a well-defined strategic approach, with elements

of sustainability embedded in our business decisions, and overseen at the Board level.

In line with this approach, we seek guidance from our CEO/Board on matters related to climate risks, opportunities and investments, which have direct implications for our business and require the Vedanta Group Sustainability Committee to provide overall guidance on sustainability.

**At Hindustan Zinc, we have implemented a three-tiered sustainability governance framework to organise our thoughts and ideas, undertake informed planning, evaluate activities and ensure accountability on all aspects of environmental, social and governance issues. The framework also enables us to set short- and long-term goals and monitor performance systematically in alignment with the sustainability priorities at every level of the organization.**

#### Sustainability Committee at Group Level (Tier 1)

This committee advises the organization on sustainability policies and framework, clearly setting out the Group's commitments to manage matters of sustainable development effectively. Besides reviewing and approving targets for sustainability performance, it also recommends initiatives required to institutionalize our organization-wide sustainability culture. Transparency and efficiency of the sustainability measures are ensured through the Group Management Assurance System.





### Sustainability Committee at Company Level (Tier 2)

During the year, we have established the Executive Sustainability committee, chaired by CEO and involving all the 8 sub community chairman and other Executive committee members. Committee meets quarterly and review the progress against all the 8 Sustainability Goals 2025.

This Committee is responsible for formulating the sustainability strategy as well as the long-term goals and targets of the Company. It plays a strategic role in all business decisions for ensuring workplace safety. The focus is on eliminating any potential damage to the environment, in line with the Company's stakeholder commitment and for maintaining its reputation. The committee meets once every quarter.

At Hindustan Zinc, we continuously identify, assess and mitigate risks arising out of internal and external factors. Through a formal monitoring process at the Company level, new risks are identified, categorized as per impact and likelihood, mapped to key responsibilities of certain managers. The risks are then managed with an appropriate mitigation plan.

### Sustainability Communities (Tier 3)

To drive the eight Sustainability Goals 2025, we have established the following 8 sustainability communities which reviews the progress against their respective goal and comprising of champions of all the units. These communities meets on monthly basis.

- > Energy and Carbon Community
- > Waste to Wealth Community
- > Biodiversity Community
- > Water Community
- > Corporate Safety Council
- > People Community
- > CSR Community
- > Supply Chain Community

### Ethical Business Conduct

Ethical conduct of business, at Hindustan Zinc, encompasses all its stakeholders, right from our top Management and Employees, to our partners, contractors, shareholders and others. The Code of Conduct is pillared on the ethos of trust, mutual respect, professionalism, responsibility, accountability and transparency in communication. It is aligned with the Foreign Corrupt Practices Act and UK Bribery Act, 2010. The Code guides our behavior, while helping us in the promotion of honest and ethical conduct, along with ethical handling of any conflicts of interest, complete and timely disclosures, among others.

### Accountability for Adherence to This Code

All the Board members, executives and new employees annually affirm compliance with the Code. An Ethics Committee has been constituted to orient and address the principles and standards contained in the Code.

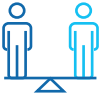
### Whistle-Blower Policy

We have in place a clearly defined Whistle-Blower Policy to encourage and empower our employees to raise concerns about any unfair business dealing in the organization. The Group Head - Management Assurance is responsible for addressing all complaints raised. An innovative three-click process for registration of a complaint via mobile application has been put in place. All such complaints are investigated in-depth, and the report for complaint resolution is then shared with the Audit Committee for review. A special 'whistle-blower portal for safety' has also been established to encourage compliance with safety practices.

### Anti-Bribery and Anti-Corruption

To ensure fair and transparent conduct of all business transactions, we strictly follow anti-bribery anti-corruption policies at Hindustan Zinc. Training is provided to all employees and business partners with regard to the principles and core tenets of the Code of Conduct, which they are required to comply with at all times. This ensures that no undue monetary or facilitation payment is made at any stage along the value chain to any person or persons, including public officials, customers, or to any other organization.

During FY 2020-21, there were no known reported legal cases on anti-competitive behavior, anti-trust and monopoly practices. There were also no reported fines/non-compliance issues with regards to the applicable laws and statutes.



## HUMAN RIGHTS

### Our Approach to Human Rights

With human rights protection central to our business approach, we have formulated a Human Rights Policy, which is aligned with the UN's Guiding Principles on Business and Human Rights. The Policy provides for strict prohibition of child or forced labor either directly, or through contract labor. We strictly pursue this policy across our supply chain, with the labor rights of our employees protected at every stage. In addition, we have incorporated the protection of the fundamental rights of all our direct and indirect employees, communities and immediate supply chain in our business ethics and Code of Conduct. Both the code and the policy clearly communicate our expectations to our business partners with respect to compliance with all relevant legislation and follow our policies in the process of execution of any work for, or on behalf of Hindustan Zinc.



### Slavery and Human Trafficking

In line with the disclosure obligations under the UK Modern Slavery Act 2015, we ensure that modern day slavery does not prevail in our business and supply chain. We monitor all functions stringently to ensure that our contractors, suppliers and business partners do not use any child, forced or trafficked labor.



# Leading by Example

## Board of Directors



**Kiran Agarwal**  
Chairman

Mrs. Kiran Agarwal was appointed on the Board with effect from 2<sup>nd</sup> March, 2019. She has studied Journalism from the London School of Journalism. She is an avid reader, prolific writer, and a woman of many facets. Her love for reading inspired her to write a series of books catering to the Indian ethos.

She has been actively involved with her family business and shares her acumen on various business developments in the family. She also played a vital role in setting up Nand Ghar, an institution for the underprivileged where children get their wings to fly high, under the right guidance and value-based education. She is also a Trustee of the Vedanta Foundation. She likes to cater to various aspects of social interest in a subtle manner.



**Navin Agarwal**  
Director

Mr. Navin Agarwal was appointed on the Board on 11<sup>th</sup> April, 2002. He is also the Executive Vice Chairman of Vedanta Ltd. and Executive Vice Chairman of Vedanta Resources Ltd. UK. He has been with the Vedanta Group since its founding and has extensive experience in the natural resources industries.

He plays a key role in the strategic and governance framework of the Vedanta Group and provides leadership for its long-term planning, business development and capital planning. He has been instrumental in the growth of the Group through global organic projects as well as acquisitions. He is passionate about developing leadership talent for the Group by identifying and nurturing future young leaders.



**Arun Misra**  
CEO & Whole-time Director

Mr. Arun Misra was appointed as CEO & Whole-Time Director on 1<sup>st</sup> August, 2020. He did his Bachelor's in Electrical Engineering, from IIT, Kharagpur; Diploma in Mining and Beneficiation from University of New South Wales Sydney; and Diploma in General Management from CEDEP, France.

He possesses knowledge of TQM, Six Sigma, TPM and Malcolm Baldrige model. He has more than 32 years rich and diverse experience in heavy metal industries. He has been instrumental in successfully leading crucial projects, plant and mining operations, safety and project management. He is passionate about digitalization of the underground mining. He has published several papers in the journals of national repute. He is also on the Board of Ferro Alloys Corporation Limited and Federation of India Mineral Industries.





**Yatinder Prasad**  
Director

Ms. Yatinder Prasad was appointed on the Board with effect from 7<sup>th</sup> August, 2020. She is an IA&AS officer of 1993 batch, and currently holds the position of Joint Secretary and Financial Advisor for Ministry of Tribal, along with Ministry of Coal and Ministry of Mines. During the 2014-19 period, she was DG-Controller & Auditor General of India. She has done L.L.B., L.L.M., C.I.A., P.G.D.B.A. She is also on the Board of National Scheduled Tribes Finance & Development Corporation, Tribal Cooperative Marketing Development Federation of India Ltd., Bharat Aluminium Co. Ltd. and Coal India Limited.



**Farida M Naik**  
Director

Ms. Farida M Naik was appointed on the Board with effect from 14<sup>th</sup> March, 2017. She is an alumna of Sophia College Mumbai from where she graduated in Psychology. She is currently Director in the Ministry of Mines, Government of India, and has held various positions in different ministries and departments of the Central Government which includes her last stint as Joint Director of National Book Trust.



**Anjani Kumar Agrawal**  
Director

Mr. Anjani Kumar Agrawal was appointed on the Board with effect from 1<sup>st</sup> August, 2020. He is a qualified CA, CIA & INSEAD alumni. He has more than 40 years of professional experience in the leading Global Consulting firm. His areas of expertise and interest include Corporate Governance, Strategic Risk Management, Sustainability Strategy, GRC Transformation, Sustainable Development Goals, Sustainability Reporting, Policy Frameworks etc. He has also worked with the Union Government and NITI Aayog on several policy matters. He is also on the Board of Aditya Birla Sun Life Trustee Private Limited, Uttam Galva Metallics Limited and Uttam Value Steels Limited.



**Akhilesh Joshi**  
Director

Mr. Akhilesh Joshi was appointed on the Board with effect from 1<sup>st</sup> August, 2020. He did his Bachelor's in Mining Engineering and possesses a First Class Mining Manager Certificate of Competency under MMR - 1961 (UN restricted), Diploma from Paris School of Mines in Economic Evaluation of Mining Projects.

He has more than 44 years of professional mining experience. He has an exemplary track record of nurturing one of the world's largest integrated zinc, lead and silver producing organization. He is also the recipient of National Mineral Award 2006 from GoI. He is also on the Board of Rajasthan State Mines & Minerals Ltd., Ferro Alloys Corporation Limited and Facor Power Limited.

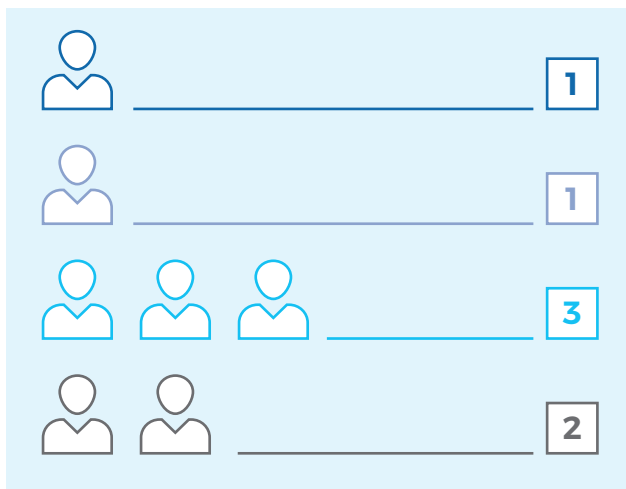
## Board Diversity

### Focused on staying relevant

Steered by our concerted focus on staying relevant and sustainable in the transforming business eco-system, we remain committed to the promotion of diversity at the Board level. We take diversity and inclusion into consideration in the Board selection process.

### Promotion of Diversity at Board

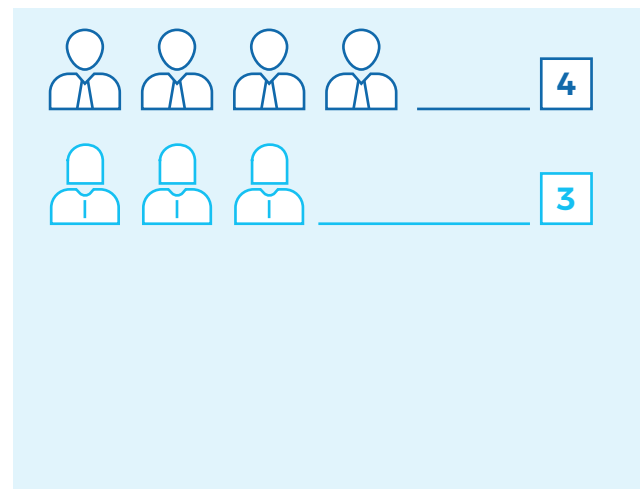
(At Executive & Non-Executive level)



- Non-Executive & Non-Independent Chairman
- Executive and Whole-time Director
- Non-Executive & Non-Independent Directors
- Independent Directors

### Board Demographics

(Male : Female)



- Men
- Women

## Skills & Competence

We are cognizant of the need to have an appropriate mix of skills and experience in the Board to ensure that it continues to effectively guide and propel the Company's future strategy. Our focus, thus, is on ensuring such a mix to drive sustained value creation. We continue to expand and enhance our Board skills and experience, especially in the key areas of natural resource conservation, operational excellence, IT innovation, digitalization & automation, as well as finance.

## Expertise of Directors

For details Refer page no. 170 of Corporate Governance Report forming part of this Integrated Annual Report.

# Steering the Outcomes Leadership Team



**Arun Misra**  
Chief Executive Officer

Arun has 33 years of experience in the mining and metal industry as well as in the strategic areas of Quality Management and Breakthrough Leadership.



**Vinaya Jain**  
Senior Vice President & Head Finance

Vinaya has 25 years of experience in multinational and domestic companies across US, Europe, Africa and India and has led the Finance function in several companies.



**Deepshikha Vanday**  
Interim Chief Human Resources Officer

Deepshikha has 15 years of experience in organization development & change, capability building, employee engagement and business-focused HR transformations. She has worked with Aluminium, Power and Zinc businesses.



**Sunipa Roy**  
Chief Commercial Officer

Sunipa has 18 years of experience across Zinc and Aluminium sectors where she was responsible for commercial, marketing, smelter operation and growth projects.



**Praveen Sharma**  
Chief Operating Officer - Mines

Praveen is a mining professional with 28 years of experience in mechanised underground mining in Lead-Zinc, Silver and Copper sectors across India, Zambia and Australia.



**C Chandru**  
Deputy Chief Operating Officer - Smelters

Chandru has 18 years of experience at Hindustan Zinc across verticals like Operations, Commercial and Silver business.



**Kumar Ankit**  
Head - Legal

Ankit has 11 years of experience, having served the last five years at the helm of the Legal function at Sesa Goa Iron Ore, ESL Steel, and Ports. Prior to these appointments, he was engaged with Thomson Reuters and Deloitte.



**Dipti Agrawal**  
Head- Corporate Communications

Dipti has 20 years of diversified experience leading strategic and integrated corporate communications, public relations, advocacy, reputation management, media and journalism across sectors.



# Senior Management Team



**Sandeep Modi**  
Deputy Chief Finance Officer

Sandeep has over 16 years of experience across business areas of reporting, treasury, credit rating, taxation, business planning & forecasting, internal audit & assurance, and risk management, among others, including over ten years in leadership roles.



**Ruchika Jha**  
Chief Executive Officer - Silver

Ruchika has 16 years of leadership experience in marketing and commercial functions in Metals & Mining and Oil & Gas sectors. She has spearheaded the strategic roles of marketing, sourcing, business development and supply chain management.



**Ramkumar Ramaswamy**  
Deputy Chief Finance Officer

Ramkumar has 24 years of experience in multinational corporations where he was responsible for managing finance teams in high growth business environments, driving growth in mature markets, driving business turnaround, long-term strategy development, financial risk management, governance and digital transformation.



**Vinod Kumar**  
Director - Agucha & Kayad Cluster

Vinod has 23 years of experience spanning various facets of opencast and underground mining, including planning and execution of large mining projects, technical due diligence and overall leadership to the business unit.



**Sanjay Khator**  
Director - Dariba SBU

Sanjay has 28 years of experience spanning opencast and underground mining across various mines of Hindustan Zinc.



**Kishore Kumar S**  
Director - Zawar SBU

Kishore has 24 years of experience spanning various mines of Hindustan Zinc, including working on new mining projects and ramping up mine operations, and in the software industry.



**Kuldeep Singh Solanki**  
Director - Exploration

Kuldeep is a geologist having 29 years of mineral industry experience in exploration, surface/ underground mining operation and mineral resource estimation of gold and base metals.



**Manoj Kumar Soni**  
Head - B.E., Quality, AO & Digitalization

Manoj has 26 years of global experience in diverse areas such as general management, O&M, process control, AO & digitalization. He has worked in India, Australia and Zambia on metals like copper, lead, zinc and silver, particularly in smelters, mineral processing and underground mines.



**Ankur Maroo**  
Chief of Sales Operations

Ankur has over 11 years of experience spanning Iron, Aluminium and Zinc sectors where he served in diverse functions of commercial, marketing and planning.



**Pradeep Singh**  
Interim Chief HSE Officer

Pradeep has more than 20 years of experience across Non-Ferrous Metal, Cement and Consultancy sectors in environment and sustainability functions.



**V Jayaraman**  
Head - Corporate Services

Jayaraman has 23 years of experience in the field of power generation as well as expertise in sustainability and stakeholder connect.



**Anupam Nidhi**  
Head - CSR

Anupam has 21 years of experience in the CSR and sustainability spheres. She has served large Indian conglomerates and multinational corporations in leadership roles.

# Board's Report

Dear Members,

We share with you our 55<sup>th</sup> Annual Report, together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2021.

The Directors are pleased to inform that Hindustan Zinc delivered exemplary operational performance while ensuring safe operations and continued to improve on its performance of various ESG metrics. We have taken a pro-active approach to keep our assets and people safe while increasing engagement with our communities during these difficult times.

## The year in summary

Mine production progressively improved during the year with ore production for the full-year up 7% y-o-y to deliver a record 15.5 Mt, supported by strong production growth at Zawar mines and Rampura Agucha (RA) Mine, which were up 21% and 9% respectively. Operations were halted on account of nationwide lockdown to combat COVID-19 from 22<sup>nd</sup> March, 2020 and restarted gradually in April 20. Mined metal production was up 6% y-o-y to 972 kt primarily on account of higher ore production with overall grades remaining at same levels.

During the year, back fill plants were commissioned at Zawarmala and Mochia mines. The development of North Decline (ND1) was completed at Rampura Agucha Mine. COVID-19 restrictions including stringent visa guidelines for Chinese nationals continued during the year which resulted in delay in commissioning of Fumer plant at Chanderiya. Feasibility studies are underway at mining locations for expansion to 1.5 Mtpa capacity.

The Company diligently focussed on community upliftment in the areas of Education, Sustainable Livelihoods, Women Empowerment, Health & Water, Sports & Culture, Environment and Community Assets Creation.

## I. HEALTH, SAFETY AND ENVIRONMENT

### Occupational Health & Safety Health & Safety Performance

LTIFR for the year was 0.97 as compared to 1.38 a year ago. In the reporting year, there has been enhanced leadership focus on incident reporting, categorisation & investigation along with greater focus to bring a cultural change in encouraging reporting via felt leadership programmes, safety town halls, enabling tools like safety whistle-blower as well as reward & recognition for near-miss

reporting. During the year, the Company commissioned an underground Occupational Health Centre at Rampura Agucha Mine which significantly improves the response time in emergency cases.

## ENVIRONMENT

During the reporting year, waste recycling continued at 31%, and water recycling rate increased marginally to 40% (FY2020: 39%). Specific energy consumption improved marginally to 19.9 GJ/ton of metal (FY2020: 20.4 GJ/ton).

Hindustan Zinc's 22 MW solar power project at RA mine was registered under Gold Standard during the year. Dariba Smelting Complex (DSC) successfully commissioned a 4500 MTPA FPT (Freeze Precipitation Technology) plant to recover Sodium sulphate from final multi-stage RO rejects which will cater to 1/3<sup>rd</sup> of DSC Hydro smelter's input salt requirements to support our circular economy goal. CPP Team conducted an innovative in-house recycling of the bottom ash to convert it into fly ash (saleable product) improving value realization and lowering environment footprint. Hindustan Zinc's Udaipur Sewage Treatment Plants expanded to 55 MLD translating into over 90% treatment of city's sewage.

HZL led an endorsement for 'UNGC (United Nations Global Compact) CEO Water Mandate' giving our commitment towards water stewardship and initiating our journey to follow the six principles laid out by UNGC. As part of commitment towards biodiversity conservation, the Company is now a member of IUCN 'Leader for Nature India' initiative. HZL actively participated in the 3<sup>rd</sup> meeting of 'Business Leaders Group COP26' and actively engaged for shaping the agenda for COP26 which is to be held at Glasgow (UK) in Nov'21.

Our sustainability activities received several endorsements during the year including selection in 'Sustainability Yearbook 2021' as Member for 4<sup>th</sup> consecutive year, 1<sup>st</sup> position in Asia Pacific region in metal and mining sector in Dow Jones Sustainability Indices and 7<sup>th</sup> Globally and CII-ITC Corporate Excellence Sustainability Award 2020. Hindustan Zinc was featured among the first Indian companies to be featured in CDP India Annual Report and was rated 'A' in Climate change CDP 2020.



Hindustan Zinc Limited is the first investor requested company in India to respond to

CDP's Forests questionnaire and also received Supplier Engagement Rating 'A' from CDP.

## II. OPERATIONAL PERFORMANCE

### Production performance

Production (kt)	FY2021	FY2020	% change
Total mined metal	972	917	6%
Refinery metal production	930	870	7%
Refined zinc - integrated	716	688	4%
Refined lead - integrated <sup>1</sup>	214	182	18%
Production - silver (in tons) <sup>2</sup>	706	610	16%

1. Excluding captive consumption of 6,424 tons in FY2021 vs. 7,088 tons in FY2020.

2. Excluding captive consumption of 34.6 tons in FY2021 vs. 36.7 tons in FY2020.

### Production

For the full-year, ore production was up 7% y-o-y to 15.5 Mt on account of strong production growth at Rampura Agucha Mine and Zawar mines, which were up 9% and 21% respectively. Mined metal production for FY2021 was 971,976 tons compared to 917,101 tons in the prior year in line with higher ore production.

For the full year, integrated metal production was up 7% to 930 kt in line with higher MIC availability, while silver production was up by 16% to a record 706 tons in line with higher lead production and slightly better grades at SK. These record numbers were delivered despite losing 3-4 weeks equivalent of production days in the year due to COVID related lockdown and other disruptions resulting from rising infections.

The Company generated 4,085 million units of thermal based power in FY2021 as compared to 3,880 million units in FY2020. Total green power generation was 649 million units as compared to 609 million units in FY2020.

### Sales

The refined zinc metal sales in the domestic market during the year was 437kt, while export sales accounted for 287kt as compared to 486kt and 194kt respectively a year ago. The aggregate sales were higher by 6% than previous year, in line with production. Lead metal sales in the domestic market were 181kt, while export sales were 35kt leading to higher aggregate sales of 20% from a year ago, in line with the increase in lead metal production during the year. Silver sales were 735 tons in FY2021, all in the domestic market and 25% higher than previous year.

## III. FINANCIAL PERFORMANCE

### Financial Information

Particulars	₹ in crore)	
	FY2021	FY2020
Revenue from operations	22,629	18,561
Other Income	1,819	1,934
Profit before depreciation, interest and tax	13,491	10,781
Less: Interest	386	112
Less: Depreciation and amortisation expense	2,531	2,279
Profit before tax	10,574	8,390
Less: Net tax expense	2,594	1,585
Net profit	7,980	6,805
Earnings per share, ₹	18.89	16.11

## Revenue

The Company reported 'Revenue from operations' including other operating income of ₹ 22,629 crore, an increase of 22% y-o-y primarily on account of increase in metal sales and higher silver prices.

The 'Other income' was ₹ 1,819 crore during the year compared to ₹ 1,934 crore in the previous year on account of lower treasury income due to lower rate of return on fresh investments/reinvestments during the year on account of lower interest rates.

## Production Cost

Zinc's cost of production (COP), excluding royalty for FY2021 was ₹ 70,681 (US\$954) per ton, lower by 5% y-o-y (9% in US\$). The full year COP decrease reflects higher production volume, lower power costs, lower metcoke and cement costs partly offset by higher admin expense (Covid donation), lower sulphuric acid credits and higher diesel costs.

## Operating margin

The above revenue and production cost resulted in profit before depreciation, interest and tax (PBDIT) of ₹ 13,491 crore in FY2021, up 25% on account of higher revenue and lower cost of production.

## Net profit

Net profit was ₹ 7,980 crore, up 17% on account of higher PBDIT partly offset by higher D&A expense and higher effective tax rate. Tax rate for the year was 24.5% as compared to 18.9% due to reversal of deferred tax liabilities in FY2020 related to prior years pursuant to

Company's expectation of moving to a lower tax regime under Section 115BBA of the Income Tax Act, 1961.

## Earnings Per Share (EPS)

The EPS for the year was ₹ 18.89 per share as compared to ₹ 16.11 per share in FY2020.

## Dividend

Interim dividend of 1065%, i.e. ₹ 21.3 per share on equity share of ₹ 2 each amounting to ₹ 9,000 crore was declared in October 2020.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is available on the Company's website on <https://www.hzindia.com/wp-content/uploads/Dividend-Policy-2016.pdf>

## Credit Rating and Liquidity

CRISIL has reaffirmed the Company's long-term rating of AAA/Stable and short-term rating of A1+. The ratings continue to reflect the Company's low cost operations, strong market position, efficient and integrated operations, high reserve & resource and a strong balance sheet.

The Company follows a conservative investment policy and invests in high quality debt instruments. As on 31<sup>st</sup> March, 2021, the Company's net cash and cash equivalents was ₹ 15,130 crore as compared to ₹ 21,596 crore at the end of FY2020 and is invested in high quality debt instruments.

## Cash Flows

Particulars	(₹ in crore)	
	FY2021	FY2020
Opening Cash*	22,207	19,490
Add: EBITDA**	11,739	8,849
Add: Net Interest Income	1,258	1,722
Less: Income Tax	1,755	1,135
Less: Dividend	15,972	0
Less: Capital Account Payments	2,481	3,637
Add: Borrowings	6,525	-1,924
(Increase)/Decrease in Working Capital & Others	787	-1,158
Closing Cash*	22,308	22,207

(\*) Includes Cash & Equivalents (refer Note 11 of the Audited Financial Statements), other bank balances excluding earmarked unpaid dividend accounts balance (refer note 12 of the Audited Financial Statements) and Current Investments (refer Note 9 of the Audited Financial Statements).

(\*\*) Earnings before Interest, Tax, Depreciation and Amortisation expenses and Income on investments.

**Gross Working Capital**

Gross working capital represented by inventory, trade receivables and other current assets decreased from ₹ 2,558 crore to ₹ 2,180 crore as at 31<sup>st</sup> March, 2021 primarily due to decrease of stores & finished goods inventory. The working capital cycle was 36 days in FY2021 as compared to 51 days in FY2020.

**Gross Block**

The gross block during the year increased from ₹ 32,106 crore to ₹ 34,228 crore. This was largely due to the ongoing mining projects and other sustaining capex.

**Capital Employed**

The total capital employed as at 31<sup>st</sup> March, 2021 was ₹ 17,183, crore, as compared to ₹ 18,714 crore at the end of previous fiscal year mainly due to payment of dividend in current fiscal year.

**Contribution to the Government Treasury**

The Company has contributed ₹ 15,008 crore during FY2021, in terms of royalties and taxes to the Government treasury, aggregating to approximately 66% of the total revenue.

**IV. RESERVE & RESOURCE (R&R)**

On an exclusive basis, total ore reserves at the end of FY2021 totalled 150.3 Mt and mineral resources totalled 297.6 Mt. Total contained metal in Ore Reserves is 9.16 Mt of zinc, 2.55 Mt of lead and 295.5 million ounces of silver. The Mineral Resource contains 14.9 Mt of zinc, 6.3 Mt of lead and 618.7 million ounces of silver. At current mining rates, the R&R underpins metal production for more than 25 years. This year Company replenished 2.7 times more resource than it consumed during the year i.e. there is a gross resource addition of 61.9Mt with a contained metal of 3.1 Mt, which is highest resource addition in last decade.

**V. PROJECTS**

We commissioned a 10 MLD STP plant in Udaipur and another 5 MLD STP is in its last leg of commissioning, which will take the total STP capacity set up by us to 60 MLD. This will treat almost the entire sewage of Udaipur city and the recycled water will be used by our plants, significantly reducing our fresh water intake.

During the year, Graphite floatation system was commissioned at Mill 3 of Sindesar Khurd Mines, which will enhance the smelter throughput and boost the recovery.

During the year, back fill plants were commissioned at Zawarmala and Mochia

mines. These plants will de-risk operations and provide opportunity to mine left-out high-grade ore in pillars. On similar lines, we have also started execution activities for combined paste-fill and dry tailing plant at Rajpura Dariba which will help in increasing ore production from 1.2 Mtpa to 2 Mtpa. This will also facilitate in additional utilization of tails by ~20% for back-filling and will reduce stope turnaround time.

The development of North Decline (ND1) was completed at Rampura Agucha Mine (RAM). This improves the accessibility of shaft section, alternate emergency evacuation, ease in mine equipment deployment at lower levels of mine, face charging with emulsion explosives, face drilling with long feed jumbo, etc.

We have started operations in RKD circuit (component of overall Fumer project) to treat Raw Zinc Oxide (RZO). COVID-19 restrictions including stringent visa guidelines for Chinese nationals continued during the year which resulted in delay in commissioning of Fumer plant at Chanderiya. We are following up with authorities to find a solution.

**VI. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Company's CSR passionately focuses on community upliftment through Education, Sustainable Livelihoods, Women Empowerment, Health & Water, Sports & Culture, Environment and Community Assets Creation.

During the year, the Company spent ₹ 214 crore on CSR programmes as compared to ₹ 132 crore in previous year. For further details, refer Annexure 3 and 'Business Review' section of this Annual Report.

**VII. DIRECTORS**

During the year under review, following changes took place in the Board of Directors:

Pursuant to expiry of the appointed tenure of Mr. Sunil Duggal as CEO & WTD on 31<sup>st</sup> July, 2020, Mr. Arun Misra was appointed as CEO & WTD of the company w.e.f 1<sup>st</sup> August, 2020.

Similarly, Mr. Akhilesh Joshi and Mr. Anjani Kumar Agrawal were appointed as Independent Directors w.e.f 1<sup>st</sup> August, 2020 upon the expiry of the appointed tenure of Mr. A R Narayanaswamy and Mr. Arun L Todarwal on 31<sup>st</sup> July, 2020.

Government of India, Ministry of Mines appointed Ms. Yatinder Prasad on the



Board w.e.f 7<sup>th</sup> August, 2020, in place of Mrs. Reena Sinha Puri.

The company's policy on appointment of Directors and their remuneration is available on the Company's website <https://www.hzlindia.com/wp-content/uploads/HZL-Nomination-Remuneration-Policy-20.1.2020.pdf>

### VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The 'Our Operational Performance' section of this Annual Report gives a detailed account of the Company's operations and the market in which it operates, including its initiatives in areas of human resources, sustainability and risk management.

### IX. CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY REPORT

As a listed company, necessary measures are taken to comply with the listing agreements of the Stock exchanges. A report on Corporate Governance, along with a certificate of compliance from the statutory auditors, forms part of this report. Further, Business Responsibility Report describing the initiatives taken by the Company from an Environmental, Social and Governance perspective, also forms a part of this report. In order to maintain transparency and efficient governance, various disclosures as required under Sections 134 and 135 of the Companies Act, 2013 are annexed to this report or covered in the Corporate Governance Report, such as Related Party Transactions; Information and details on conservation of energy, technology absorption, foreign exchange earnings and outgo; extract of annual return; constitution of various Board level Committees; Annual Report on CSR, etc.

### X. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgements & estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period.

- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the annual accounts have been prepared on a 'Going Concern' basis.
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY2021.

### XI. BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations.

The performance of the board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on 5<sup>th</sup> January, 2017.

In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

At the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its Committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the Board members, excluding the independent director who is being evaluated.

## **XII. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which is a part of this report.

## **XIII. AUDITORS**

The Company had appointed M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company to conduct audit of Financial Statements for the year ended 31<sup>st</sup> March, 2021. The Notes to Financial Statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification or reservation. The only adverse remark in CG certificate is for not fulfilling the criteria of adequate number of Independent Directors including woman independent director and for which we are in touch with the two major shareholders, and purchase of Bonds from holding company which is self-explanatory.

Pursuant to the orders issued by the Central Government under Section 148 of The Companies Act, 2013, the Board has appointed M/s. K G Goyal & Co. Cost Accountants for conducting the audit of the cost accounting records maintained by the Company for all its products and M/s. Chandrasekaran Associates, Company Secretaries as the Secretarial Auditors for conducting the Secretarial audit of the

Company. Their report does not contain any qualification or reservation. The only adverse remark is for not fulfilling the criteria of adequate number of Independent Directors including woman independent director, for which we are in touch with the two major shareholders and other procedural delays due to COVID-19, which are self-explanatory.

As per provisions of Section 136 of the Companies Act, 2013, the Annual Report including the Audited Accounts for the year will be sent to all the Shareholders whose e-mail addresses are registered.

## **XIV. VIGIL MECHANISM**

The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees in confirmation with Section 177(9) of the Act and Regulation 22 of Listing Regulations, to report concerns about unethical behaviour. This Policy is available on the Company's website on <https://www.hzindia.com/wp-content/uploads/HZL-WHISTLE-BLOWER-POLICY-19.10.2015.pdf>

## **XV. ANNUAL RETURN**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on 31<sup>st</sup> March, 2021 is available on the Company's website on <https://www.hzindia.com/investors/reports-press-releases/>

## **XVI. PARTICULARS OF EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached to this report. In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules forms part of the Report. However, having regard to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the Members of the Company. The said information is available for inspection at Registered Office of the Company during working hours. Any member interested in obtaining such information may write to the Company Secretary at the registered office and the same will be furnished on request. Further the details are also available on the Company's website: [www.hzindia.com](http://www.hzindia.com).

In line with the internal guidelines of the Company, no payment is made towards commission to the Executive Director of the Company, who is in full time employment with the Company.

#### **XVII. INTEGRATED REPORT**

The Company being one of the top companies in the country in terms of market capitalization, has voluntarily provided Integrated Report, which encompasses both financial and non-financial information to enable the Members to take well informed decisions and have a better understanding of the Company's long-term perspective. The Report also touches upon aspects such as organisation's strategy, governance framework, performance and prospects of value creation based on the six forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital and natural capital.

#### **XVIII. ACKNOWLEDGEMENTS**

We sincerely thank our customers, vendors, investors, business partners, worker unions, auditors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our continued success was made possible by their hard work, solidarity, commitment and support. We thank the Government of India, the State Governments of Rajasthan, Andhra Pradesh, Gujarat, Karnataka, Tamil Nadu, Maharashtra and Uttarakhand for their continued support.

For and on behalf of the Board of Directors

#### **Arun Misra**

CEO & Whole-time Director  
Place: Udaipur

Date: 27<sup>th</sup> April, 2021

#### **Anjani K Agrawal**

Director  
Mumbai



## Annexure-1

Particulars of technology absorption and foreign exchange earnings and outgo, as per Section 134(3)(m) of the Companies Act, 2013 and the rules made therein and forming part of the Board's report for the year ended 31<sup>st</sup> March, 2021.

### A) CONSERVATION OF ENERGY

Successfully commissioned Variable Frequency Drive (VFD) in induced draft fans at Dariba CPP.

### B) TECHNOLOGY ABSORPTION-

#### a) Specific areas in which R&D has been carried out by the Company in FY2021

- Individual Ore Characterisation at Zawar for improved metallurgical performance.
- Feasibility study for Lead circuit re-grind and effect of pH on lead floatation to improve Lead Silver Recovery and concentrate grade at RAM.
- Feasibility study for Derrick Screen to replace existing cyclones to improve classification efficiency.
- Geo-Metallurgy Study on advance Drill Core samples for Metallurgical characterisation at SKM and RAM.
- RDM Mesh of Grind (MOG) study to determine optimum grinding size to improve metal recovery.
- Grinding circuit audit and Loss Matrix analysis across all Milling sites to optimise circuit performance and improve process control.
- Automated Mill Quality Dashboard for continuous monitoring and analytics for data based actionable.
- Establishing impact of impurities in Copper sulphate on Zinc floatation performance at mills. Thus, improved inhouse copper sulphate quality by process control at DSC ancillary.
- Integration and stabilization of commercialized project for Sodium Sulphate crystal generation from DSC smelter effluent.
- Process developed and integrated with existing plant for Raw Zinc oxide inventory dilution at CLZS Hydro-II plant, contributing ~2500 Ton Zn & ~700 Ton Pb.
- Cu Matte Plant manganese bearing stream utilization at Zinc smelter Debari for maintaining Mn level in electrolyte.

- Process audit and control to manage Cu levels in purification section at Zinc smelter Debari thereby reducing usage of fresh copper sulphate crystals.
- Field trials for usage of Jarosite in concrete.
- Collaborative project for metal recovery from Zinc smelter residues by Chloride and nitric based leaching.
- Generation of Zn VAP - fertilizer grade Zinc sulphate crystals and Zinc dust from residue & secondaries.
- Mapping of minor metals at Mills
- Reduction of soiling Losses in solar power project by Hydrophobic coating on the solar modules. This will reduce the dust accumulation on the modules and increase the generation.
- Turbine revamping of Zawar CPP to increase its rating capacity from 80 MW to 91.5 MW

#### b) Benefits derived as result of above R&D

- Improved metal recovery from ore to metal by various initiatives at mills and smelters.
- Feasibility study confirms that use of Lead re-grind at RAM and Derrick Screen at Zawar will improve Lead/Silver recovery by 2-3%.
- Improved Metallurgical performance by Geo-Metallurgical assessment of core samples to predict recovery and grades and optimize circuit parameters. Eg- Dilute Nigrosine for high graphite in SKM, use of SMBS to deal with high pyritic ore etc.
- New grinding circuit designing as per MOG study at Rajpura Dariba Mines for recovery enhancement.
- Mill parameter optimization by Grinding circuit Audit, Loss matrix analysis and Mill quality Dashboard to achieve targeted performance and quality.
- Waste to wealth initiatives to reduce environmental footprint.
- Identifying opportunities for minor metal extraction at HZL.

- COP reduction initiatives by alternate reagents, process controls and optimization.
  - Scale up study of chloride-based leaching to enhance the overall recovery and reduce the waste footprint in Zn Hydro process.
- c) Future projects for R&D in FY2022**
- Metal Recovery from Tailings and Silver recovery from Zn Concentrate.
  - Pilot study of patented technology to generate VAP from Jarosite/ Jarofix waste residue
  - Improve concentrate grade quality and address graphite challenge at HZL.
  - Convert Jarosite/ Jarofix into aggregates by carbon sequestration.
  - Cyclone Efficiency improvement for all Mills
  - Process development for VAP's - Chemical manganese dioxide, Graphite, high grade Cobalt cake from residues.
  - Utilization of ultra-fine fly ash has a binder in paste fill plant
  - Turbine revamping of remaining 5 units
  - Replacement of Nigrosine with Alternate reagent at all Mines

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, foreign exchange outgo was ₹ 1,141 crore (which includes import of capital goods, stores & spares, coal, consumables, consultancy, travelling etc.), while foreign exchange earned was ₹ 5,595 crore.

#### FORM A

#### FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	Unit	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>A Electricity, Power Generation &amp; Fuel consumption</b>			
Purchase Units	Million Kwh	393	296
Total Amount	₹ Cr	315.37	240.85
Average rate of purchasing	₹/kwh	8.02	8.13
<b>CPP - Units generated from fuel oil</b>			
Own Generation Units (From Fuel Oil)	Million Kwh	0.8	0.3
Quantity Consumed			
LDO	KL	0.00	0.00
LSHS/FO	MT	0	0
HSD	KL	370	496
Total Amount	₹ Cr	2.14	3.68
Average cost of fuel per Kg	₹/kg	70.57	90.34
Average cost of generation	₹/kwh	25.24	106.42
Unit generated per unit of fuel (LSHS/FO/HSD)	kwh/kg	2.80	0.85
<b>CPP - Units generated from Coal</b>			
Own Generation Units (From Coal)	Million Kwh	3,704	3,560
Quantity Consumed			
Coal	MT	17,68,896	17,22,384
LDO	KL	486	366
Total Amount	₹ Cr	1,194.95	1290.51
Average cost per Kg (Coal)	₹/kg	6.76	7.49
Average cost per Kg (LDO)	₹/kg	48.25	45.69
Average cost of generation	₹/kwh	4.10	4.47
Unit generated per unit of fuel (Coal)	kwh/kg	2.28	2.25

Particulars	Unit	Year ended 31 <sup>st</sup> March, 2021	Year ended 31 <sup>st</sup> March, 2020
<b>B) Fuel consumption for Metal Production</b>			
<b>(a) L.P.G./Propane</b>			
Quantity	Million Kg	0.55	3.10
Total Amount	₹Cr	2.30	12.70
Average cost per Kg	₹/Kg	41.52	40.98
<b>(b) L.D.O./LSHS/FO</b>			
Quantity	KL	14,257	19,577
Total Amount	₹Cr	49.84	84.02
Average cost per Ltr	₹/Ltr	34.96	42.92
<b>(c) HSD</b>			
Quantity	KLtr	47,188	52,969
Total Amount	₹Cr	278.46	310.21
Average cost per Ltr	₹/Ltr	59.01	58.56
<b>(d) Coal for Steam &amp; Others</b>			
Quantity	MT	25,575	23,895
Total Amount	₹Cr	19.34	18.28
Average cost per MT	₹/MT	7,564	7,649
<b>(e) Met Coke &amp; Coke breeze</b>			
Quantity	MT	67,599	84,078
Total Amount	₹Cr	184.32	239.05
Average cost per MT	₹/MT	27,267	28,432
<b>(f) GAS, PNG, PROCESS, GAS</b>			
Quantity	M3	1,29,71,368	25,18,816
Total Amount	₹Cr	35.3	6.8
Average cost per MT	₹/M3	27.2	26.9



## CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under clause 17 (5) (a) of the SEBI (LODR) Regulation 2015, all Board Members and the Senior Management personnel have confirmed compliance with the Business Ethics and Code of Conduct for the year ended on 31<sup>st</sup> March, 2021.

For **Hindustan Zinc Limited**

**Arun Misra**

CEO & Whole-time Director

Place: Udaipur

Date- 27<sup>th</sup> April, 2021

### FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2021

To,  
The Members,  
**Hindustan Zinc Limited**  
Yashad Bhavan,  
Yashadgarh,  
Udaipur, Rajasthan – 313004

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Hindustan Zinc Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the "Act") and the rules made thereunder;

- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not Applicable during the period under review.
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Applicable w.e.f 9<sup>th</sup> October, 2020\*

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable during the period under review.
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; Not Applicable during the period under review.

\*During the period under review, compliances of the regulations enumerated in clause (e) mentioned above were required to comply by the company with effect from 9<sup>th</sup> October, 2020. Since the Non- Convertible Debentures of the Company were listed on BSE Limited w.e.f 9<sup>th</sup> October, 2020, vide their listing and trading approval dated 8<sup>th</sup> October, 2020.

- (vi) The Management has identified and confirmed the following laws as being specifically applicable to the Company:
  1. The Mines Act, 1952 and Rules made thereunder, and
  2. The Mines and Minerals (Development and Regulation) Act, 1957 and the Rules made thereunder.

We have also examined compliance with the applicable clauses/ Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as mentioned hereinafter.

- (i) Pursuant to regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("listing regulations"), the listed shall submit to the stock exchange(s) a copy of the annual report sent to the shareholders along with the notice of the annual general meeting not later than the day of commencement of

dispatch to its shareholders however the company has submitted the same to the stock exchange(s) beyond the prescribed timeline. Thereafter, BSE Limited ("BSE") and National Stock Exchange ("NSE") each, have imposed a fine of ₹ 33,040/- (inclusive of GST @ 18%) and as confirmed by the management of the company that the same has been paid by the company within prescribed timeline.

- (ii) As per Regulation 33(3)(d) of listing regulations Annual audited financial results shall be submitted along with the annual audit report and in case of audit reports with unmodified opinion, the listed entity shall furnish a declaration to that effect or in case of audit reports with a modified opinion a statement of Impact of Audit Qualifications shall be furnished by the company to the Stock Exchange(s) while publishing the annual audited financial results however the company had not furnished the said declaration/ statement while submitting the annual audited financial results for the quarter and financial year ended on 31<sup>st</sup> March, 2020 to BSE and NSE. Thereafter NSE asked the company to furnish the said Declaration. Accordingly a declaration regarding unmodified opinion in the audit report along with the audited financial results had been submitted by the company with the NSE.
- (iii) As per Regulation 30 of listing regulations read with SEBI circular No. CIR/CFD/ CMD/4/2015 dated 9<sup>th</sup> September, 2015 and BSE and NSE Circular dated 20<sup>th</sup> June, 2018, disclosures w.r.t appointment and resignation of directors and KMP shall be given in accordance with the manner stated therein and the same shall also specifically states that the Director being appointed is not debarred from Holding the office of director by virtue of any SEBI order or any other such authority and Non-inclusion of such fact will be regarded as inadequate submission and the same would be subject to action as deemed fit under Regulation 30 of listing regulations. However the disclosures submitted to Stock Exchange(s) in this regard were not in the prescribed manner. Thereafter NSE asked the company to furnish the disclosure in the prescribed format stated in the circular dated 9<sup>th</sup> September, 2015. Accordingly the same had been submitted by the company with NSE.

- (iv) As per SEBI circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated 26<sup>th</sup> November, 2018 read with SEBI circular No. SEBI/HO/DDHS/ON/P/2020/41 dated 23<sup>rd</sup> March, 2020, Initial disclosure and annual disclosure in the prescribed format therein shall be submitted to Stock Exchange latest by 30<sup>th</sup> June, 2020 (i.e extended timeline) and the said disclosures shall also form part of annual audited financial results of the Company however such disclosures were submitted by the company with the Stock Exchange(s) beyond the prescribed timeline and the same were not form part of the annual audited financial results of the Company.
- (v) Certain e-forms were delayed filed with the Registrar of companies.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors except that with regard to the requirement of having at least one half of the Board of Directors comprising of Independent Directors in terms of Regulation 17 of Listing Regulations, the Company falls short by two Independent Directors (including one woman Independent Director). BSE Limited and National Stock Exchange (NSE) each, have imposed a fine of ₹ 21,59,400/- (inclusive of GST @ 18%) for the same and as confirmed by the management of the company that the same has been paid by the company within prescribed timeline. Thereafter BSE vides its mail dated 16<sup>th</sup> April, 2021 had waived off the fines levied upon the company in this regard for the FY 2020-21. The changes, if any, in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board/Committee Meetings. Agenda and detailed notes on agenda were sent atleast seven

days in advance except in case where meetings were convened at shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, following specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

- (i) The Company has issued Non-Convertible Debentures of ₹ 3,520 crore during the period under review.
- (ii) The Company has outstanding balance of unsecured commercial papers of ₹ 2,200 crore at the end of period under review.

For **Chandrasekaran Associates**  
Company Secretaries

**Shashikant Tiwari**

Partner  
Membership No. A28994  
Certificate of Practice No. 13050  
UDIN: A028994C000185370

Date: 27<sup>th</sup> April, 2021  
Place: Noida, Uttar Pradesh

**Notes:**

1. This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report..
2. Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct. This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report of which, the due date has been ended/expired on or before 31<sup>st</sup> March, 2021 pertaining to Financial Year 2020-21..



## ANNEXURE-A TO SECRETARIAL AUDIT REPORT

To,  
The Members,  
**Hindustan Zinc Limited**  
Yashad Bhavan,  
Yashadgarh,  
Udaipur, Rajasthan - 313004

1. Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whenever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **Chandrasekaran Associates**  
Company Secretaries

**Shashikant Tiwari**

Partner  
Membership No. A28994  
Certificate of Practice No. 13050  
UDIN: A028994C000185370

Date: 27<sup>th</sup> April, 2021  
Place: Noida, Uttar Pradesh

## Annexure-2

Particulars of contract or arrangements with related parties

### Form No. AOC-2

**Form for disclosure of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis: NIL**

- (a) Name(s) of the related party and nature of relationship
- (b) Nature of the contracts/arrangements/transactions
- (c) Duration of the contracts/arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including value, if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board
- (g) Amount paid as advances, if any
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

**2. Details of the material contracts or arrangements or transactions at arm's length basis: NIL**

- (a) Name(s) of the related party and nature of relationship
- (b) Nature of contracts/arrangements/transactions
- (c) Duration of the contracts/arrangements/transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Date(s) of approval by the Board
- (f) Amount paid as advances, if any

**For and on behalf of the Board of Directors**

**Arun Misra**

CEO & Whole-time Director  
Place: Udaipur

**Anjani Kumar Agrawal**

Director  
Mumbai

Date: 27<sup>th</sup> April, 2021

Note: In item 2, material is defined as greater than 10% of the turnover

# Annexure-3

## FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES FOR FY 2020-21

### 1. Brief outline on CSR Policy of the Company.

Hindustan Zinc is committed to the principles of harmonious and sustainable development; protecting human life, health and environment, ensuring social well-being and adding value to the communities. CSR policy is in line with organization's philosophy & governance protocols wherein various aspects of Geographical reach, thematic areas, execution & monitoring of programs are well defined.

The projects undertaken are within the broad framework of Schedule VII of the Companies Act, 2013. Details of the CSR policy and projects or programs undertaken by the Company are available on links given below:

<https://www.hzlindia.com/csr/>

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during their tenure	Number of meetings of CSR Committee attended during their tenure
1	Ms Kiran Agarwal	Chairperson	1	1
2	Ms Farida Naik ****	NED	1	1
3	Mr Akhilesh Joshi**	Independent Director	1	1
4	Mr A R Narayanaswamy*	Chairman - ID	2	2
5	Mr Sunil Duggal*	CEO & WTD	2	2
6	Ms Reena Sinha Puri***	NED	2	1

Notes:

\* Mr. Sunil Duggal & Mr. A.R. Narayanaswamy ceased to be director w.e.f. 31<sup>st</sup> July, 2020

\*\* Mr. Akhilesh Joshi appointed as director w.e.f. 1<sup>st</sup> August, 2020.

\*\*\* Mrs. Reena Sinha Puri ceased to be director w.e.f. 7<sup>th</sup> August, 2020.

\*\*\*\* Ms. Farida M Naik appointed as member w.e.f. 1<sup>st</sup> August, 2020.

During FY2021, 3 CSR Committee meetings were held.

### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of the CSR committee shared above and is available on the Company's website on <https://www.hzlindia.com/wp-content/uploads/Hindustan-Zinc-Board-Committees-17-9-2020.pdf>

CSR policy - <https://www.hzlindia.com/csr/csr-policy/>

CSR projects - <https://www.hzlindia.com/csr/>

### 4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

The Impact Assessment of CSR projects is not applicable for FY 2020-21.

### 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2020-21	NIL	NIL
	<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>



6. Average net profit of the company as per section 135(5). ₹ 9824.87 cr
7. (a) Two percent of average net profit of the company as per section 135(5) ₹ 196.50cr
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NIL
- (c) Amount required to be set off for the financial year, if any NIL
- (d) Total CSR obligation for the financial year (7a+7b- 7c). ₹ 196.50 cr
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹ 214.04 cr	NIL	NA	NA	NIL	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

**Point 8 (b) Ongoing Projects**

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.		Project duration (in years)	Amount allocated for the project (in ₹ Lacs)	Amount spent in the current financial year (in ₹ Lacs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Khushi	(ii)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara & Ajmer	5	1887	1312	NIL	No	Seva Mandir, Jatan Sansthan, CAPE India, Gramin Evam Samajik Vikas Sanstha.	CSR 00000288,00000 529,00000786,CSR00 003124
2	Shiksha Sambal	(ii)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara & Ajmer	5	326	283	NIL	No	Vidya Bhawan Society	CSR000003180
3	Child Care Centers	(ii)	Yes	Rajasthan	Udaipur	4	43	54	NIL	No	Seva Mandir	CSR 00000288
4	Jeevan tarang	(ii)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	3	214	83	NIL	No	Noida Deaf Society, Badhir Bal Kalyan Vikas Samiti, Badhit Bal Vikas Samiti.	CSR 00000396
5	Unchi udaan	(ii)	Yes	Rajasthan/ Uttarakhand	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer, PMP	4	383	296	NIL	No	Vidya Bhawan Society, Resonance Eduventures Pvt Ltd	CSR000003180
6	Support for Higher education (Ringus/ Sumedha/CTAE)	(ii)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	10	100	22	NIL	Yes		
7	Company run schools	(ii)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	5	801	702	NIL	Yes		
8	Mobile Health Vans	(i)	Yes	Rajasthan/ Uttarakhand	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer, PMP	3	196	171	NIL	No	Smile Foundation, Jimmedari Foundation, Wockhardt Foundation	CSR00001634,CSR 00002363 CSR000000161
9	Company Run Hospitals	(i)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	5	925	1247	NIL	Yes		
10	Vocational Training (SEDI)(Tata Strive)	(i)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	3	714	231	NIL	No	Ambuja Cement Foundation, Tata Strive	CSR000006913 CSR000002739
11	SAMADHAN	(i)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	5	562	360	NIL	No	BAIF Institute of Sustainable Livelihood Development	CSR000000508
12	SAKHI	(iii)	Yes	Rajasthan/ Uttarakhand	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer, PMP	5	390	372	NIL	No	Manjari Foundation	CSR000000074

1	2	3	4	5	6	7	8	9	10	11		
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.		Project duration (in years)	Amount allocated for the project (in ₹ Lacs)	Amount spent in the current financial year (in ₹ Lacs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration number	
13	Football Academy	(vii)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	4	360	489	NIL	No	The Football Link, Sanjeev Gupta Architects, Young Monk Communications Pvt. Ltd	NA
14	Ajmer Dargah	(v)	Yes	Rajasthan	Ajmer	3	150	11	NIL	Yes		
15	STP	(iv)	Yes	Rajasthan	Udaipur	4	1500	1687	NIL	Yes		
16	Maintenance of Vedanta stadium	(vii)	Yes	Rajasthan	Rajsamand	10	9	7	NIL	Yes		
17	Vedanta-Zinc Heart Hospital, Udaipur	(i)	Yes	Rajasthan	Udaipur	4	40	14	NIL	Yes		
18	Support for digital classrooms	(ii)	No	MP	Gwalior	3	18.1	16.67	NIL	Yes	Muskaan Dreams Foundation	In Process
19	Installation of RO & ATM	(i)	Yes	Rajasthan	Udaipur/Rajsamand/Chittorgarh	2	177.5	136.38	NIL	Yes		
<b>TOTAL</b>							<b>8796</b>	<b>7495</b>				

### Point 8 (c) Not Ongoing Projects

1	2	3	4	5	6	7	8	9	10	11		
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project.		Project duration (in years)	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District					Name	CSR Registration number	
1	Support to Education	(ii)	Yes	Rajasthan/ Gujarat	Rajsamand, Ahmedabad	1	14	1004	NIL	Yes		
2	Health, Water & Sanitation	(i)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	1	211	67	NIL	Yes		
3	COVID Initiatives	(xii)	Yes	Pan India	Pan India	1	11875	11636	NIL	Yes		
4	Livestock Management Projects	(i)	Yes	Rajasthan	Chittorgarh	1	16	22	NIL	Yes		
5	Micro enterprises/ SME	(i)	Yes	Rajasthan	Chittorgarh/Ajmer	1	16	29	NIL	Yes		
6	Skill Development Trainings to SHG Women	(iii)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	1	133	73	NIL	Yes		



1	2	3	4	5		6	7	-8	9	10	11
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Project duration (in years)	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation -Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name CSR Registration number
7	Community Assets Creation	(x)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	1	936	592	NIL	Yes	
8	Sports & Culture	(v) & (vii)	Yes	Rajasthan	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	1	91	54	NIL	Yes	
9	Environment & Safety	(iv)	Yes	Rajasthan		1	280	23	NIL	Yes	
	<b>TOTAL</b>						<b>13571</b>	<b>13500</b>			

d. Amount spent in Administrative overheads ₹ 4.09 Cr

e. Amount spent on Impact assessment, if applicable NA

f. Total amount spent for the financial year (8b + 8c + 8d + 8e) ₹ 214.04 Cr

g. Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	196.50 Cr
(ii)	Total amount spent for the Financial Year	214.04 Cr
(iii)	Excess amount spent for the financial year [(ii)-(i)]	17.54 Cr
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	17.54 Cr

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	NA	NIL	NIL	NIL	NIL	NA	NIL
	<b>TOTAL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NA</b>	<b>NIL</b>

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed/ Ongoing
1.	NA	NA	NA	NA	NIL	NIL	NIL	NA
	<b>TOTAL</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NA</b>

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NA

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

**Arun Misra**

(CEO & Whole-time Director)

Date :- 27<sup>th</sup> April, 2021

**Kiran Agarwal**

(Chairperson, Corporate Social Responsibility Committee)

## Annexure-4

### i) Disclosure on Remuneration of Managerial Personnel

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Name of Director	Mr. Arun Misra*	Mr. Sunil Duggal**
Mean	1:22	1:16
Median	1:31	1:23

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Name	Annual Increment (%)
Mr. Arun Misra*	-
Mr. Swayam Saurabh	9%
Mr. R Pandwal	-1%

- (iii) The percentage increase in the median remuneration of employees in the financial year: Mean (-) 15.8%, Median (-) 15.6%

- (iv) The number of permanent employees on the rolls of Company: 3,719 (including 8 expats and retainers)

- (v) The explanation on the relationship between average increase in remuneration and Company performance: Based on overall industry trend and company performance in FY 2019-20.

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company: Remuneration of the KMPs as % of the PAT for 2020-21 is 0.09%.

- (vii) Variation in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies and in case of unlisted companies the variations in the net worth of the Company as at the close of the current financial year and previous financial year:

Date	Market Price in ₹	EPS (₹)	P/E ratio	Market Capitalization, ₹ crore	% Change
31 <sup>st</sup> March, 2020	155.15	16.11	9.63	65556	
31 <sup>st</sup> March, 2021	272.80	18.89	14.44	115267	75.83

Percentage increase over the last public offer price is not relevant as there has never been any public offer by the Company.

- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

- Average increase in the remuneration of all employees excluding KMPs: (-) 15%
- Average increase in the remuneration of KMPs: 5.8 %
- Justification: Remuneration is based on the current year's performance, industry trend and overall market situation.



- (ix) Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company; Each KMP is granted salary based on his qualification, experience, nature of job, industry benchmark, earlier salary and many other factors, comparison of one against the other is not feasible.
- (x) The key parameters for any variable component of remuneration availed by the Directors: Only Whole-time Directors are given variable component, which is benchmarked against Company performance.
- (xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: Nil
- (xii) Affirmation that the remuneration is as per the remuneration policy of the Company: Yes

Note: For Director, only CEO & Whole-time Director, has been considered. All remuneration figures are for Executives only.

\*Mr. Arun Misra appointed as CEO & Whole-time Director w.e.f 1<sup>st</sup> August, 2020.

\*\*Mr. Sunil Duggal ceased to be CEO & Whole-time Director w.e.f 31<sup>st</sup> July, 2020.

CEO's compensation also considers financial returns (return on assets, equity, invested capital), total shareholder return and volume growth of integrated metal.

# Corporate Governance Report

## CODE OF GOVERNANCE

Your Company's Philosophy on Corporate Governance continues to rest on Transparency and accountability which are the two basic tenets of Corporate Governance. Responsible corporate conduct is integral to the way Company does its business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. The Company remains resolute in its commitment to conduct business in accordance with the highest ethical standards and sound Corporate Governance practices, to enhance Company's brand and image. This approach to value creation emanates in our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all. Company's Business Ethics & Code of Conduct provides the overarching philosophy of its Corporate Governance practices. Our Business Ethics & Code of Conduct inspires us to set standards which not only meet applicable legislation but go beyond in many areas of our functioning. Sustainable governance requires highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long term value for all our stakeholders. All Directors and employees are bound by Code of Conduct that sets out the fundamental standards to be followed in all actions carried out on behalf of the Company.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR)). The Company has adopted best practices mandated in SEBI (LODR). This chapter, along with those in the Business Review Section and Additional Shareholder Information, reports the Company's compliance with SEBI (LODR).

## BOARD OF DIRECTORS

The Board is at the core of our Corporate Governance Practice. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices across industries.

As trustees, the Board has a fiduciary responsibility towards all the shareholders and ensures that the

Company has clear goals aligned to shareholder value and its growth. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils all stakeholders' aspirations and societal expectations.

### (i) Composition of the Board

The composition of Board is an appropriate combination of Executive and Non-Executive Directors with right element of independence. As on 31<sup>st</sup> March, 2021, the Company's Board comprised of seven Directors, out of which three are women Directors. Further, amongst them two are nominated by Government of India, two are nominated by promoters, two are independent Directors and one Executive Director. As the Chairperson is related to the promoters, in compliance to clause 17(1) (b) of SEBI (LODR), the Company is required to have at least one half of total Directors as independent Directors; however, at the year end, the Company is short by two independent directors including one independent woman director as per clause 17(1)(a). To that extent the certificate on Corporate Governance issued by the auditors are qualified. The matter is pending with the government for appointment of more independent directors including atleast one woman independent director. The non-executive Directors are appointed or re-appointed based on the recommendation of the Nomination & Remuneration Committee, which considers their overall experience, expertise and industry knowledge. One third of the non-executive Directors of the Company other than independent Directors, are liable to retire by rotation every year and are eligible for reappointment, subject to approval by the shareholders at the Annual General Meeting (AGM). independent Directors have confirmed their independence. All the Board members have confirmed that they are not disqualified to act as Director of the Company. Average tenure of Board Members is about 4 years, since two of the independent directors are newly appointed. Against the requirement of one woman director, company is having three women directors at the year end.

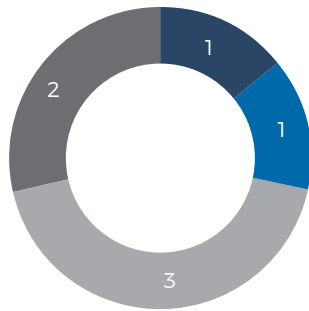
The Company had appointed Independent Directors as per the provisions of Companies Act, 2013 and SEBI Listing Regulations and the

independent directors had confirmed their independence with the promoters and the Company and accordingly they had given the required declaration of independence.

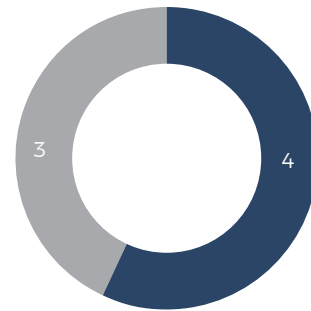
Chairman of the Company is a non-executive non-independent director while CEO & Whole-time director is an executive director looking

after day to day operations of the Company. Role of Chairman and CEO & Whole-time director are different.

The profiles of Directors are available at <https://www.hzindia.com/about-hzl/leadership/board-of-directors/>



- Non-executive and Non-independent Chairman
- Executive and Whole-time Directors
- Non-executive and Non-independent Directors
- Independent Directors



- Men
- Women

### (ii) Number of Board Meetings

The Board of Directors met four times during the financial year, on 21<sup>st</sup> May, 21<sup>st</sup> July, 20<sup>th</sup> October in 2020 and on 20<sup>th</sup> January in 2021. The maximum time gap between any two meetings was less than 120 days and at least one meeting was held in each calendar quarter. The agenda for each meeting is prepared well in advance, along with explanatory notes and timely distributed to all Directors.

### (iii) Attendance and Directorships Held

As mandated by the SEBI (LODR), none of the Directors are members of more than ten board-level committees nor are they chairman of more than five committees in which they are members. Further, all the Directors

have confirmed that they do not serve as an independent director in more than seven listed companies or where they are whole-time directors in any listed company, then they do not serve as independent director in more than three listed companies. Further Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management.

The names and categories of the Directors on the Board, their attendance at Board meeting during the year and at last AGM, as also the number of Directorships and Committee memberships held by them in other Companies are shown in Table 1

**Table 1: Composition of the Board of Directors**

Name of Director	Relationship with Other Directors	Category	No. of Meetings Held during their tenure	No. of Meetings Attended	Whether Attended Last AGM	No. of Outside Directorships of Public Companies	No. of Outside Committee Memberships#	No. of Outside Committee Chairmanships#
Mrs. Kiran Agarwal	Relative of Mr. Navin Agarwal	NED	4	4	Yes	-	-	-
Mr. Navin Agarwal	Relative of Mrs. Kiran Agarwal	NED	4	4	No	1@	--	--
Mr. A.R. Narayanaswamy	None	ID & NED*	2	2	No	-	-	-
Mr. Arun L. Todarwal	None	ID & NED*	2	2	No	-	-	-
Mr. Sunil Duggal	None	ED*	2	2	No	-	-	-
Ms. Reena Sinha Puri§	None	NED***	2	1	No	-	-	-
Ms. Farida M. Naik§	None	NED	4	4	No	--	--	--
Mr. Arun Misra	None	ED**	2	2	Yes	2	--	--
Mr. Anjani Kumar Agrawal	None	ID & NED**	2	2	Yes	2	0	2
Mr. Akhilesh Joshi	None	ID & NED**	2	2	Yes	3	2	--
Ms. Yatinder Prasad§	None	NED***	2	1	No	0	0	--



**Notes:**

\*Mr. Sunil Duggal, Mr. A.R. Narayanaswamy and Mr. Arun L. Todarwal ceased to be director w.e.f. 31<sup>st</sup> July, 2020

\*\* Mr. Arun Misra, Mr. Anjani Kumar Agrawal and Mr. Akhilesh Joshi appointed as director w.e.f. 1<sup>st</sup> August, 2020.

\*\*\*Ms. Yatinder Prasad appointed in place of Ms. Reena Sinha Puri w.e.f. 7<sup>th</sup> August, 2020.

\$ Nominees of Government of India

# Only Audit Committee and Stakeholder Relationship Committee considered as per SEBI (LODR)

@ Excludes foreign companies: Mr. Navin Agarwal – 1

ID: Independent Director as defined in the Companies act 2013 and SEBI (LODR) 2015

NED: Non-executive Director, ED: Executive Director

**Directorship in Other Listed Companies in India of the Directors as on 31<sup>st</sup> March, 2021**

Name of Director	Name of the Listed entity including Debt Listed Entities	
	Name of Entity	Category
Mrs. Kiran Agarwal (02227122)	-	-
Mr. Navin Agarwal (00006303)	Vedanta Limited	Executive Vice Chairman
Mrs. Farida M Naik (07612050)	-	-
Mr. Arun Misra (01835605)	-	-
Mr. Anjani Kumar Agrawal (08579812)	Uttam Value Steels Limited	Director
Mr. Akhilesh Joshi (01920024)	-	-
Ms. Yatinder Prasad (08564506)	-	-

**Diversity and inclusion**

Your Company continues to recognise that an appropriate mix of diversity and skills is key for introducing different perspectives into Board discussion and for better anticipating the risks and opportunities in building a long-term sustainable business. As set out in the charts below, each member of the Board offers a range of core skills and experience that is relevant to the successful operation of your Company

The below table summarizes the key qualifications, skills and attributes which are taken into consideration while nominating to serve on the Board.

Business Leadership	Sustainable success in business at a senior executive level
Financial expertise	Proficiency in financial accounting and reporting, corporate finance and internal controls, corporate funding, and associated risks.
Natural Resources	Senior executive experience in a large global mining organization involved in the discovery, acquisition, development and marketing of natural resources.
Capital projects	Experience working in an industry with projects involving large-scale long-cycle capital outlays.
Experience	Experience of working / handling multiple Indian/global locations, exposed to a range of political, cultural, regulatory and business environments
ESG	Familiarity with issues associated with workplace health and safety, asset integrity, environment and social responsibility, and communities.
Corporate Governance	Experience with a major organization that demonstrates rigorous governance standards
Government & International relations	Interaction with government and regulators and involvement in public policy advocacy
Technology/Digital	A strong understanding of technology and innovation, and the development and implementation of initiatives to enhance production.

In the table below, the specific areas of focus or expertise of individual board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skills:-

Name of Director	Areas of Expertise									
	Business Leadership	Financial expertise	Natural Resources	Capital projects	Experience	ESG	Corporate Governance	Government & International relations	Technology/ Digital	
Kiran Agarwal	√	√	√	√	√	√	√	√	√	
Navin Agarwal	√	√	√	√	√	√	√	√	√	√
Farida M Naik	√	√	√	√	√	√	√	√	√	
Arun Misra	√	√	√	√	√	√	√	√	√	√
Anjani Kumar Agrawal	√	√	√	√	√	√	√	√	√	√
Akhilesh Joshi	√	√	√	√	√	√	√	√	√	√
Yatinder Prasad	√	√	√	√	√	√	√	√	√	

**(iv) Information Supplied to the Board**

The Board has complete access to all information of the Company and has been regularly provided advanced detailed information as a part of the agenda papers or is tabled therein. In addition, detailed quarterly performance report by the CEO is presented in the quarterly Board meeting, encompassing all facets of the Company's operations during the quarter, including update of key projects, outlook and matters relating to environment, health & safety, corporate social responsibility etc. The following information is provided to the Board as a part of the agenda papers:

- Annual and Quarterly financial statements for the Company and the Accounting Policy
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Annual business plan
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary, whenever required
- Expansion projects and its status monitoring
- Materially important notices of show cause, demand, prosecution and penalty, if any
- Fatal accidents or any material environmental problems, if any
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company, if any

- Any issue involving possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Details of any joint venture or significant collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any
- Significant labour issues and their proposed solutions, whenever necessary
- Any significant development in human resources or industrial relations including long-term wage agreement, major voluntary retirement scheme, etc.
- Sale and purchase of material equity investments and fixed assets, which is not in the normal course of business, if any
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material
- Quarterly disclosure of all the investments made
- Material non-compliance of any regulatory, statutory nature or listing requirements and shareholders service, such as non-payment of dividend, delay in share transfer and others, if any
- Quarterly review of compliance status under various laws applicable to the Company

- Corporate Social Responsibility activities
- Substantial non-payment of goods sold by Company except disputes
- Related Party Transactions, if they are not at arm's length or not in the ordinary course of business
- Near term outlook
- All other matters required to be placed before the Board for its review or information or approval under the statutes.

Government are paid a remuneration in the form of commission and a fixed sitting fee for each meeting, as approved by the Board and within statutory limits. The remuneration paid to Mr Sunil Duggal, CEO & Whole-time (till 31.07.2020) and Mr. Arun Misra CEO & Whole-time Director (From 01.08.2020) is as per the approval granted by the Board and the shareholders. For FY 2020-21, the total remuneration is as shown in Table 2A and Table 2B. Payment of commission to non-executive Directors and independent Directors has been approved by the shareholders up to the limit specified under the Companies Act, subject to the annual amount approved by the Board.

#### (v) Remuneration to Directors

Non-executive Directors except Government Directors in the employment of the

**Table 2 A: Sitting fee and Commission of Non-Executive Directors for FY 2020-21 (In ₹)**

Name of Director	Category	Sitting fees	Commission
Mrs. Kiran Agarwal, Chairman	Non-Executive	2,50,000	31,00,000
Mr. Navin Agarwal	Non-Executive	2,75,000	28,88,000
Mr. A.R. Narayanaswamy *	Independent	3,00,000	9,65,000
Mr. Arun L. Todarwal*	Independent	2,25,000	8,77,000
Mr. Anjani Kumar Agrawal**	Independent	2,25,000	19,22,000
Mr. Akhilesh Joshi **	Independent	2,75,000	19,22,000

**Table 2 B: Remuneration paid to Executive Director for FY 2020-21 (In ₹)**

Name of Director	Category	Salary, perquisites & other allowances	Stock option of ultimate holding Company	Total
Mr Sunil Duggal*	CEO & Whole-time Director	1,86,49,434	-	1,86,49,434
Mr. Arun Misra**	CEO & Whole-time Director	2,54,88,122	-	2,54,88,122

#### Notes:

\*Mr. Mr. Sunil Duggal, Mr. A.R. Narayanaswamy and Mr. Arun L. Todarwal ceased to be director w.e.f. 31<sup>st</sup> July, 2020

\*\* Mr. Arun Misra, Mr. Anjani Kumar Agrawal and Mr. Akhilesh Joshi appointed as director w.e.f. 1<sup>st</sup> August, 2020.

As on 31<sup>st</sup> March, 2021 Non-executive Directors, do not hold any shares of the Company and they have no pecuniary relationships or transactions vis-à-vis the Company, except as mentioned above. The Company has not granted any stock options to any of its Directors.

Company does not give any ESOP to its employees. However, Senior management of the Company are given ESOP by its Holding Company.

During FY 2020-21, the Company did not advance any loan or guarantee to any of its Directors.

#### (vi) Meetings of Independent Directors

The Company's Independent Directors met twice during the financial year 2020-21 on 18<sup>th</sup> May, 2020 & 5<sup>th</sup> February, 2021. Such meetings were conducted to enable the

Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views.

#### (vii) Familiarisation programme for Directors

The Board members are provided with necessary documents, reports, internal policies and site visits to enable them to familiarise themselves with the Company's operations, its procedures and practices. Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and business risks and sustainability. Details of the familiarisation programme are available on website of the Company, <https://www.hzliindia.com/wp-content/uploads/Familiarization-program-conducted-for-independent-directors-2020-21.pdf>



### (viii) Succession Planning

The Company believes that sound succession plans for the senior leadership are very important for creating a robust future for the Company. The Human Resources, Nomination and Remuneration Committee works along with the Human Resource team of the Company for a structured leadership succession plan.

### (ix) Performance evaluation criteria for Directors

The Nomination and Remuneration Committee has devised a criteria for evaluation of the performance of the Directors including the Independent Directors. The said criteria provides certain parameters like attendance, acquaintance with business, communication inter se between board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, benchmarks established by global peers etc., which is in compliance with applicable laws, regulations and guidelines.

During the year digital platform was used for carrying out Board performance evaluation which consisted of evaluation of the Board and various board level committee.

Assessment of each director on the board is done by the other directors including that of various committees. The consolidated outcome from all the directors is prepared by chairman of nomination and remuneration committee and presented to the board of directors.

### (x) Director retiring by rotation

As per law, two-third of non-executive and non-independent Directors should retire by rotation. One-third of these Directors are required to retire every year and if eligible, offer themselves

for re-appointment. Mr. Navin Agarwal would retire by rotation in upcoming AGM and being eligible, has offered himself for re-appointment. A brief profile of Mr. Navin Agarwal is as follows.

#### Mr. Navin Agarwal

Director

Mr. Navin Agarwal was appointed as Director on 11<sup>th</sup> April, 2002. Mr. Navin Agarwal is the Executive Vice Chairman of Vedanta Ltd. and Executive Vice Chairman of Vedanta Resources Plc. He has been with the Vedanta group since its founding and has extensive experience in the natural resources industry.

Mr. Agarwal plays a key role in the strategic and governance framework of the Vedanta Group and provides leadership for its long-term planning, business development and capital planning. He has been instrumental in the growth of the group through global organic projects as well as acquisitions. He is passionate about developing leadership talent for the group by identifying and nurturing future leaders.

### (xi) Committees of the Board

The Company has Six Board-level committees - Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Nomination & Remuneration Committee, Risk Management Committee and Committee of Director (CoD).

All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of service for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

#### Board and Committee Composition as on 31<sup>st</sup> March, 2021

Name of Director	Board	Audit Committee	Stakeholder Relationship Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Risk Management Committee
Mrs. Kiran Agarwal	Chairman	--	--	Member	Chairman	--
Mr. Navin Agarwal	Member	--	--	Member	--	--
Ms. Farida M. Naik	Member	Member	Member	--	Member	Member
Mr. Arun Misra	Member	--	Member	--	--	--
Mr. Anjani Kumar Agrawal	Member	Chairman	Chairman	Member	--	Chairman
Mr. Akhilesh Joshi	Member	Member	--	Chairman	Member	Member
Ms. Yatinder Prasad	Member	--	--	--	--	--
<b>Total no. of members</b>	<b>7</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>3</b>

**a) Audit Committee**

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures;
- compliance with all relevant statutes

- update on related-party transactions and key risks

Mr. Anjani Kumar Agrawal is the Chairman of the Audit Committee. Details of meetings held and attendance record is given in Table 3.

The time gap between any two meetings was less than 120 days and at least one meeting was held in each calendar quarter. The Committee met four times in the financial year under review on 21<sup>st</sup> May, 21<sup>st</sup> July, 20<sup>th</sup> October in 2020 and on 20<sup>th</sup> January in 2021. The details of the Audit Committee are given in Table 3.

**Table 3: Attendance record of Audit Committee Meetings**

Name of the Member	Position	Status	No. of Meetings held during their tenure	No. of Meetings Attended	Sitting fees (₹)
Mr. A.R. Narayanaswamy*	Chairman	ID & NED	2	2	50,000
Mr. Arun L. Todarwal*	Member	ID & NED	2	2	50,000
Ms. Reena Sinha Puri***	Member	NED	2	1	--
Mr. Anjani Kumar Agrawal**	Chairman	ID & NED	2	2	50,000
Mr. Akhilesh Joshi **	Member	ID & NED	2	2	50,000
Ms. Farida M. Naik	Member	NED	2	2	--

**Notes:**

\* Mr. A.R. Narayanaswamy and Mr. Arun L. Todarwal ceased to be director w.e.f. 31<sup>st</sup> July, 2020

\*\* Mr. Anjani Kumar Agrawal and Mr. Akhilesh Joshi appointed as director w.e.f. 1<sup>st</sup> August, 2020.

\*\*\* Mrs. Reena Sinha Puri Ceased to be director w.e.f. 7<sup>th</sup> August, 2020.

The Chief Financial Officer, the representative of the Statutory Auditors (S.R. Batliboi & Co. LLP), Internal Auditors (Deloitte Haskins & Sells LLP) and Head of Management Assurance Cell are invitees to the Audit Committee meetings. The Company Secretary is the Secretary to the Committee.

Mr. Anjani Kumar Agrawal is a Chartered Accountant and Chairman of the Audit Committee and all the members of the Audit Committee are well versed with financial management. The quorum for the meeting of the Audit Committee is two members. The Audit Committee functions in accordance with its constitution and charter, framed in compliance with SEBI (LODR).

The Role and functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible

- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- Approval of payment to statutory auditors for any other services rendered by them
- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 134 of the Companies Act, 2013
  - changes, if any, in accounting policies and practices and reasons for the same
  - major accounting entries involving estimates based on the exercise of judgement by management

- significant adjustments made in the financial statements arising out of audit findings, if any
- compliance with listing and other legal requirements relating to financial statements
- approval of related party transactions and their subsequent modifications, if any
- scrutiny of inter corporate loans and advances
- qualifications if any in the draft statutory auditor report
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing with the management, performance of statutory and internal auditors, their independence, effectiveness of audit process and adequacy of the internal financial control systems
- Reviewing the adequacy of internal audit plan
- Discussion with internal auditors on any significant findings and follow up thereof
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors, if any
- Reviewing the functioning of the vigil and whistle blower mechanism
- Appointment of the Chief Financial Officer of the Company, as and when required
- Carrying out any other function, as is mentioned in the terms of reference of the Audit Committee

- Valuation of undertaking of the assets of the Company, wherever necessary

The Audit Committee is empowered pursuant to its terms of reference to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Business overview including results of its operations and financial condition
- All related party transactions
- Management letters and letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses and review of processes
- The appointment, removal and terms of remuneration of the Auditors.

During the year, all related party transactions were approved by the Audit Committee and were at arm's length and in the ordinary course of business. There was no material transaction with any of the related parties of the Company for the year.

#### **b) Stakeholders Relationship Committee**

Mr. Anjani Kumar Agrawal is the Chairman of the Stakeholders Relationship Committee. The Committee met once during the financial year under review on 5<sup>th</sup> February, 2021.

The primary function of the Committee is to address investor and stakeholders' complaints pertaining to transfers or transmission of shares, non-receipt of dividend and any other related matters as prescribed under section 178 of the Companies Act, 2013. The minutes of each of the Committee meetings are reviewed by the Board. The attendance details are mentioned in Table 4.



**Table 4: Attendance Record of Stakeholder Relationship Committee Meetings**

Name of the Member	Position	Status	No. of Meetings held during their tenure	No. of Meetings Attended	Sitting fees (₹)
Mr. Anjani Kumar Agrawal	Chairman	ID & NED	1	1	25,000
Mr. Arun Misra	Member	ED	1	1	-
Ms. Farida M. Naik	Member	NED	1	1	-

The matters, if any, requiring Board's attention are informed to the Board by the Committee Chairman. Mr. R. Pandwal, Company secretary, is the compliance officer of the Company.

Details of queries and grievances received and addressed by the Company during FY 2020-21 is given in Table 5.

**Table 5: Nature of complaints received and attended to during FY 2020-21**

1.	Number of complaints received from the investors comprising non-receipt of dividend warrants, non-receipt of securities sent for transfer and transmission, complaints received from SEBI/ Registrar of Companies/Bombay Stock Exchange/National Stock Exchange / SCORE and so on	25
2.	Number of complaints resolved	25
3.	Number of complaints not resolved to the satisfaction of the investors as on 31 <sup>st</sup> March, 2021	0
4.	Complaints pending as on 31 <sup>st</sup> March, 2021	0
5.	Number of Share transfers pending for approval, as on 31 <sup>st</sup> March, 2021	0

The Board has delegated the power of approving physical transfer and transmission of shares to the Share Transfer Committee consisting of CEO & WTD, CFO and Company Secretary.

The primary function of the Committee is to monitor the CSR function of the Company in furtherance to Company's CSR Vision & Mission. The Committee is responsible for framing the CSR policy of Company and tracks implementation of key CSR projects approved by it during the financial year. In this financial year, the Company has spent ₹ 214.04 crore on CSR activities. Company has spent an excess sum of ₹ 17.54 crore against the actual amount which need to be spent on CSR activities during the year 2020-21 i.e. ₹ 196.50 crore. The excess amount spent of ₹ 17.54 crore is being carrying forward and would be adjusted in coming years.

### c) Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee as on 31<sup>st</sup> March, 2021 consisted of three members. The Committee met thrice during the financial year under review on 14<sup>th</sup> May, 2020, 29<sup>th</sup> June, 2020 and 28<sup>th</sup> January, 2021. Mrs. Kiran Agarwal is the Chairperson of the Committee, while Mr. Akhilesh Joshi and Ms. Farida Naik are the members.

**Table 6: Attendance Record of CSR Committee Meetings**

Name of the Member	Position	Status	No. of Meetings Held during their tenure	No. of Meetings Attended	Sitting fees (₹)
Mr A R Narayanaswamy*	Chairman	ID & NED	2	2	50,000
Mr. Sunil Duggal*	Member	ED	2	2	-
Mrs. Reena Sinha Puri***	Member	NED	2	1	--
Mrs. Kiran Agarwal	Chairman	NED	1	1	25,000
Mr. Akhilesh Joshi**	Member	ID & NED	1	1	25,000
Ms Farida Naik	Member	NED	1	1	--

#### Notes:

\* Mr. Sunil Duggal and Mr. A.R. Narayanaswamy ceased to be director w.e.f. 31<sup>st</sup> July, 2020

\*\* Mr. Akhilesh Joshi appointed as director w.e.f. 1<sup>st</sup> August, 2020.

\*\*\* Mrs. Reena Sinha Puri Ceased to be director w.e.f. 7<sup>th</sup> August, 2020.

**d) Nomination & Remuneration Committee**

The Nomination & Remuneration Committee as on 31<sup>st</sup> March, 2021 consisted of four members. The Committee met twice during the financial year under review on 18<sup>th</sup> May, and 20<sup>th</sup> July, 2020. The primary function of the Committee is to recommend to the Board the appointment or reappointment of Directors, remuneration of Directors and Key Managerial Personnel (KMPs), formulate criteria for evaluation of Independent Directors, Board diversity, identification and selection of persons who could be appointed as Independent Directors etc.

**Selection of Independent Directors-**

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/ profession and who can effectively contribute to the Company's business and policy decisions are considered by the Human Resources, Nomination and Remuneration Committee, for appointment, as an Independent Director on the Board. The Committee inter alia considers qualification, positive attributes, area of expertise by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation and takes appropriate decision.

**Table 7: Attendance Record of Nomination and Remuneration Committee Meetings**

Name of the Member	Position	Status	No. of Meetings Held during their tenure	No. of Meetings Attended	Sitting fees (₹)
Mr Arun L. Todarwal*	Chairman	ID & NED	2	2	50,000
Mr A R Narayanaswamy*	Member	ID & NED	2	2	50,000
Mr Akhilesh Joshi**	Chairman	ID & NED	0	0	0
Mrs. Kiran Agarwal	Member	NED	2	1	25,000
Mr Navin Agarwal	Member	NED	0	0	0
Mr Anjani Kumar Agrawal**	Member	ID & NED	0	0	0

\* Mr. A.R. Narayanaswamy and Mr. Arun L. Todarwal ceased to be director w.e.f. 31<sup>st</sup> July, 2020

\*\*Mr. Akhilesh Joshi and Mr. Anjani Kumar Agrawal appointed as director w.e.f. 1<sup>st</sup> August, 2020.

As per the requirement of Companies Act, 2013 and SEBI (LODR), the Nomination & Remuneration Committee has carried out a performance review of the individual Directors on the following parameters:

- The size and composition (executive, non-executive, independent members and their background in terms of knowledge, skills and experience) of the Board is appropriate
- The Board conducts itself in such a manner that it is seen to be sensitive to the interests of all stakeholders (including minority shareholders) and it has adequate mechanism to communicate with them
- The Board is active in addressing matters of strategic concerns in its review of the Board agenda with the executive management
- The Board makes well-informed high-quality decisions on the basis of full information and clear insight into Company's business
- The Board is effective in establishing a corporate environment that promotes timely and effective disclosure, fiscal accountability, high ethical standards

and compliance with applicable laws and regulations

- The Board meets frequently enough and for sufficient duration to enhance its effectiveness
- The Board meeting time is appropriately allocated between management presentation and Board discussion
- The Board has a good understanding of the Company's key drivers of performance and associated risks, threats and opportunities
- The Board devotes considerable amount of time in developing the business strategy and annual business plan
- The Board has clearly defined the mandates of its various Committees and effectively oversees their functioning
- The Board is effective in formulating and monitoring various financial and non-financial policies and plans
- The Board is effective in developing a corporate governance structure that allows

and encourages the Board to fulfil its responsibilities

- The Board pays considerable attention to the quality of financial reporting process and internal financial controls and effectively oversees them
- The Board regularly follows up on its decisions to ensure that action is taken on all its decisions
- The Board gives effective advice and assistance for achieving the Company's mission and vision.
- Board Members performance is assessed through internal assessment.

The Committee expressed its overall satisfaction on the performance of the individual Board members and the overall Board.

**e) Risk Management Committee**

The Risk Management Committee as on 31<sup>st</sup> March, 2021 consisted of three members. Mr. Anjani Kumar Agrawal is the Chairman of the Committee, Mr. Akhilesh Joshi and Ms. Farida Naik are the members. Risk Management Committee meeting for the year 2020-21 held on 5<sup>th</sup> February, 2021. The primary function of the Committee is to review the major risks identified by the Management, along with its mitigation plan, monitoring and reviewing the Company's risk management plan and to apprise the Board on risk assessment and minimization procedures. Please refer to the Risk Management section of this annual report for more details.

**(f) Committee of Director (CoD)**

The Committee of Director as on 31<sup>st</sup> March, 2021 consisted of three members. Mr. Navin Agarwal is the Chairman of the Committee, Mr. Akhilesh Joshi and Mr. Arun Misra are the members. Committee of Director meeting for the year 2020-21 was held on 27<sup>th</sup> July, 10<sup>th</sup> August and 22<sup>nd</sup> September, 2020. The objective of the Committee of Directors ("Committee") is to consider, review and approve the proposals relating to policies on financial matters, investments, securities, general authorizations and treasury related proposals including all borrowing proposals, including borrowing for the purpose of refinancing of

existing debt, including that for working capital facilities, within the overall limits as may be approved by the Board from time to time.

**SHAREHOLDERS MATTERS**

**(i) Dividend**

During the year, the Company declared interim dividend of 825% i.e. ₹ 16.50 per share of ₹ 2 each for the year 2019-20, and another interim dividend of 1065% i.e. ₹ 21.30 per share of ₹ 2/- each for the year 2020-21.

**(ii) Transfer of Unclaimed/Unpaid Dividend amounts to the Investor Education and Protection Fund (IEPF)**

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends / shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority.

In light of the aforesaid provisions, the Company has during the year under review, transferred to IEPF the unclaimed dividends, outstanding for seven years. Further, shares of the Company, in respect of which dividend has not been claimed for seven consecutive years or more from the date of transfer to unpaid dividend account, have also been transferred to the demat account of IEPF Authority.



The details of unclaimed dividends transferred to IEPF during FY2021 are as follows:

Financial Year	Amount of Dividend transferred
2012-13	3,678,331
2013-14	3,700,100

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend / shares so transferred.

### (iii) Listing

At present, the equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The annual listing fees for FY 2020-21 to BSE and NSE have been paid. The addresses of stock exchanges are as under:

BSE Limited 25 <sup>th</sup> Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001	National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex Bandra (East) Mumbai – 400 051
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**Table 8: Stock Exchange Codes**

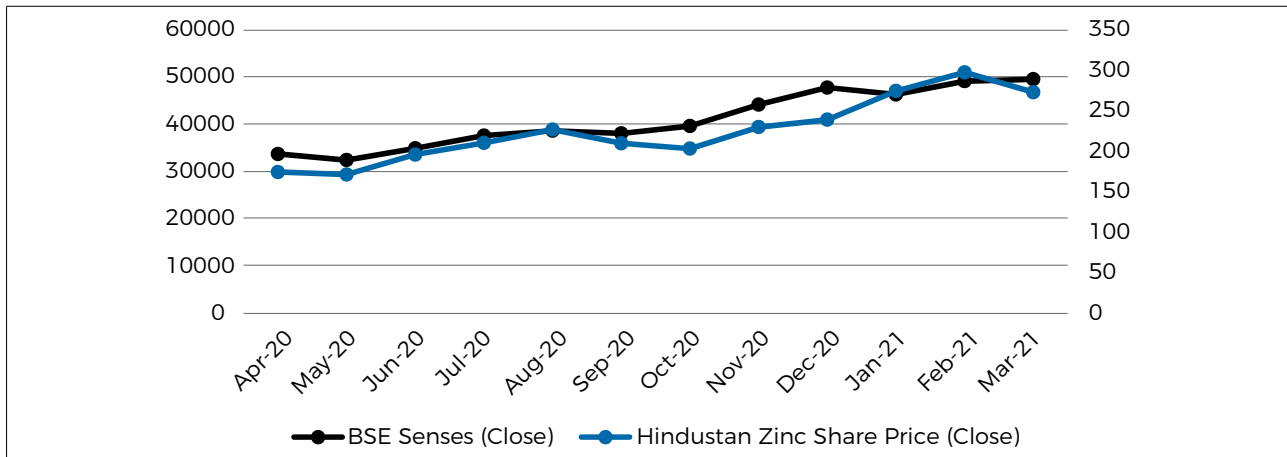
Name of the Stock Exchange	Stock Code	ISIN Code
National Stock Exchange of India Limited	HINDZINC	INE 267A01025
BSE Limited	500188	

### (iv) Stock Market Data

**Table 9: High, Lows and Volumes of the Company's Shares for FY 2020-21**

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
Apr-20	175.75	151.70	961251	181.60	151.45	9424926
May-20	200.60	164.00	2657274	200.40	164.05	22018833
Jun-20	204.75	166.95	2752625	204.75	166.85	30566059
Jul-20	216.00	182.50	3467170	215.90	182.25	41640299
Aug-20	258.80	203.20	4027720	258.95	203.10	54720265
Sep-20	238.95	200.10	1378178	239.00	200.10	19882188
Oct-20	243.45	197.54	2452470	243.00	193.30	41487880
Nov-20	235.55	200.40	1592401	235.60	200.05	21194539
Dec-20	249.25	224.70	1846194	249.40	224.80	22441791
Jan-21	328.00	230.80	4424785	328.40	237.20	58615969
Feb-21	312.00	281.85	2249675	312.00	281.60	30000867
Mar-21	334.25	257.00	2312341	334.40	257.00	29917224

Chart: Share Performance versus BSE Sensex

Market Capitalisation Performance from 31<sup>st</sup> March, 2014 to 31<sup>st</sup> March, 2021

(₹ In crore)

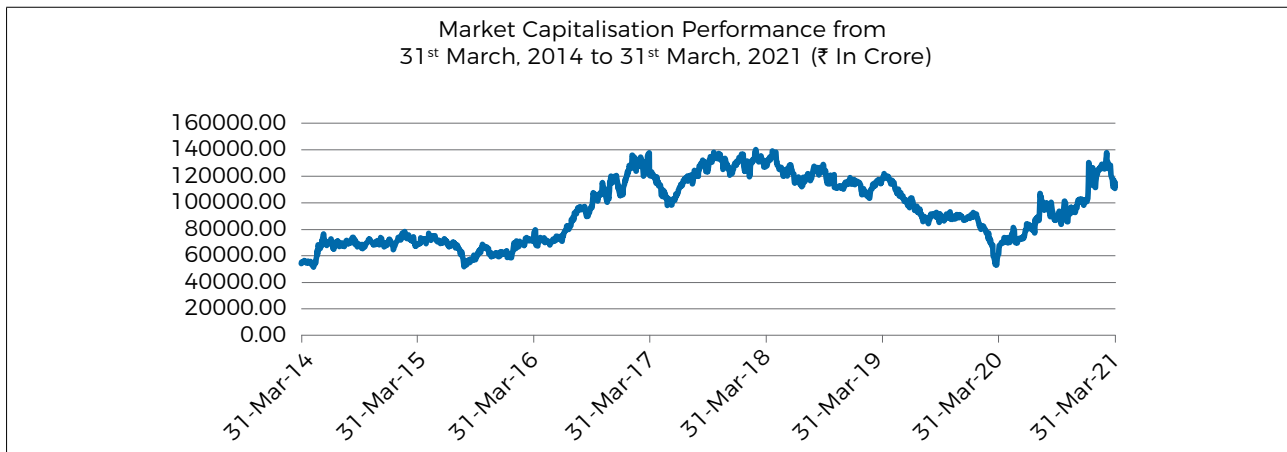
**(v) Distribution of Shareholding**

Table 10 and 11 list the distribution of the shareholding of the equity shares of the Company by size and by ownership class, as on 31<sup>st</sup> March, 2021.

Table 10: Shareholding Pattern by Size on 31<sup>st</sup> March, 2021

DISTRIBUTION SCHEDULE AS ON 31 <sup>st</sup> March, 2021					
S. No.	No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1	1 - 5000	169905	98.92	36712071	0.87
2	5001 - 10000	945	0.55	7193010	0.17
3	10001 - 20000	514	0.30	7439567	0.18
4	20001 - 30000	129	0.08	3137559	0.07
5	30001 - 40000	62	0.04	2171067	0.05
6	40001 - 50000	49	0.03	2222762	0.05
7	50001 - 100000	67	0.04	5004066	0.12
8	100001 and above	94	0.05	4161438898	98.49
<b>TOTAL:</b>		<b>171765</b>	<b>100.00</b>	<b>4225319000</b>	<b>100.00</b>

**Table 11: Shareholding Pattern by ownership as on 31<sup>st</sup> March, 2021**

Category	No. of Shares Held	% of Share Holding
<b>A PROMOTER'S HOLDING</b>		
<b>1 PROMOTERS</b>		
- INDIAN PROMOTORS VEDANTA LIMITED	2743154310	64.92
- FOREIGN PROMOTORS	0	
<b>Sub Total (A) (1)</b>	<b>2743154310</b>	<b>64.92</b>
<b>B PUBLIC SHARE HOLDING</b>		
<b>1 Institutions</b>		
(a) Mutual Funds	6550792	0.16
(b) Venture Capital Funds	0	0.00
(c) Alternate Investment Fund	28645	0.00
(d) Foreign Venture Capital Investors	0	0.00
(e) Foreign Portfolio Investors	46516033	1.10
(f) Financial Institutions/Banks	392727	0.01
(g) Insurance Companies	96075923	2.27
(h) Provident Funds/Pension Funds	0	0.00
(i) Any other	0	0.00
Qualified Institutional Buyer	4839511	0.11
<b>Sub Total (B) (1)</b>	<b>154403631</b>	<b>3.65</b>
<b>2 Central Governments/State Governments</b>	2378195	0.06
<b>Sub Total (B) (2)</b>	<b>2378195</b>	<b>0.06</b>
<b>3 Non-Institutions</b>		
(a) (i) Individual Shareholders holding nominal share capital up to ₹ 2 Lacs	51958720	1.23
(ii) Individual Shareholders holding nominal share capital in excess of ₹ 2 Lacs	2329572	0.06
(b) NBFC's Registered with RBI	7828	0.00
(c) Employee Trusts	0	0.00
(d) Overseas Depositories (Holding DRs)	0	0.00
(e) Any other		
President of India	1247950590	29.54
Non Resident Indian Repatriable	150274	0.00
Trusts	136795	0.00
Non Resident Indian	1787805	0.04
Clearing Members	797566	0.02
Other Schedule Banks	0	0.00
Non Resident Indian Non Repatriable	926475	0.02
Bodies Corporate	17103045	0.40
IEPF	60763	0.00
HUF	2166331	0.05
Foreign Nationals	7100	0.00
<b>Sub Total (B) (3)</b>	<b>1325382864</b>	<b>31.37</b>
<b>Total Public Shareholding (B)= (B) (1)+(B) (2)+(B) (3)</b>	<b>1,482,164,690</b>	<b>35.08</b>
<b>GRAND TOTAL</b>	<b>4,225,319,000</b>	<b>100.00</b>



**(vi) Dematerialisation of Shares**

The shares of the Company are compulsory traded in dematerialised form only. The Company's shares are available for trading in the depository system of both NSDL and CDSL. As at the financial year end 4222765850 equity shares forming 99.94% of the share capital of the Company, stand dematerialised.

The Company's share is actively traded on both the stock exchanges, namely BSE and NSE. Any shareholder desiring to transfer his shares either in physical form or to get the physical shares converted into electronic form, may contact the Company Secretary or the RTA for necessary advice and the procedure.

**(vii) Outstanding GDRs / ADRs / Warrants/ Options**

The Company has not issued any Global Depository Receipts / American Depository Receipts / Warrants / Options.

**(viii) Details of Public Funding Obtained in the Last Three Years**

No public funding has been obtained in the last three years.

**(ix) Communication with Shareholders and others**

The Company published its quarterly, half yearly and yearly results in the form as prescribed under SEBI (LODR) within the prescribed time. The results were sent to stock exchanges where shares are listed and the same were published in select newspapers.

The financial results and official news releases are also displayed on the website of the Company ([www.hzindia.com](http://www.hzindia.com)). Annual Report containing inter-alia Audited Annual Financial Statements, Board's report, Auditors Report and other important and statutory information are circulated to all members and to others entitled thereto. The Business Review along with CEO certificate forms a part of the Annual Report.

Presentations made to the institutional investors or to the analysts from time to time are available on the Company's web site under investor relations section.

**Table 12: Details of the Announcement of the Financial Results for FY 2020-21**

Description	Date
Unaudited Financial Results for the quarter ended on 30 <sup>th</sup> June, 2020	21 <sup>st</sup> July, 2020
Unaudited Financial Results for the quarter and half year ended on 30 <sup>th</sup> September, 2020	20 <sup>th</sup> October, 2020
Unaudited Financial Results for the quarter and nine months ended on 31 <sup>st</sup> December, 2020	20 <sup>th</sup> January, 2020
Audited Financial Results for the quarter and year ended on 31 <sup>st</sup> March, 2021	27 <sup>th</sup> April, 2021

In addition to this, if there is any other announcement affecting the shareholders or public, it is duly informed to the stock exchanges and published in newspapers for the benefit of shareholders and public at large. The same are also placed on the website of the Company for information of all.

**(x) General Body Meetings****Table 13: Details of the last three General Body Meetings**

Date	AGM	Location	Time
31 <sup>st</sup> August, 2018	52 <sup>nd</sup> AGM	Yashad Bhawan, Udaipur, Rajasthan	2.30 P.M.
31 <sup>st</sup> July, 2019	53 <sup>rd</sup> AGM	Yashad Bhawan, Udaipur, Rajasthan	2.30 P.M.
3 <sup>rd</sup> September, 2020	54 <sup>th</sup> AGM	Convened through video conferencing ("VC")/ other audio-visual mode ("OAVM")	12.00 Noon

In the last three Annual General Meetings, special resolutions were passed to approve reappointment of Mr. A.R. Narayanaswamy and Mr. Arun L Todarwal as an Independent Director and appointment of Mr. Arun Misra as CEO & Whole-time Director.

**(xi) Policies and Other Disclosures**

**Table 14 : Details of the Policies and other disclosures available on the website of Company**

<b>Sr. No.</b>	<b>Particular</b>	<b>Statutes</b>	<b>Detail</b>	<b>Website link of the policy</b>
1	Related party transactions	Regulation 23 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	There are no material related party transactions during the year under review that have conflict with the interest of the Company. Transactions entered into with related parties during FY2021 were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. The Board's approved policy for related party transactions is uploaded on the website of the Company	<a href="https://www.hzlindia.com/wp-content/uploads/HZL-RPT-Policy-20.01.2020.pdf">https://www.hzlindia.com/wp-content/uploads/HZL-RPT-Policy-20.01.2020.pdf</a>
2	Whistle Blowing Policy and Vigil Mechanism	Regulation 22 of SEBI Listing Regulations	The Company has this Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company	<a href="https://www.hzlindia.com/wp-content/uploads/HZL-WHISTLE-BLOWER-POLICY-19.10.2015.pdf">https://www.hzlindia.com/wp-content/uploads/HZL-WHISTLE-BLOWER-POLICY-19.10.2015.pdf</a>
3	Discretionary requirements	Schedule II Part E of the SEBI Listing Regulations	<ul style="list-style-type: none"> <li>• A message from the CEO &amp; Whole-time Director is published as a part of press release issued at the time of declaration of quarterly/ half-yearly financial performance of the Company</li> <li>• The auditors' report on financial statements of the Company are unmodified.</li> <li>• Internal auditors of the Company make quarterly presentations to the audit committee on their reports.</li> </ul>	
4	Material Subsidiary Company	Regulation 24 of SEBI Listing Regulations	The Company does not have any material subsidiary company. The Company has a policy for determining 'material subsidiaries' which is disclosed on its website	<a href="https://www.hzlindia.com/wp-content/uploads/Material_subsidary.pdf">https://www.hzlindia.com/wp-content/uploads/Material_subsidary.pdf</a>
5	Policy on Determination of Materiality for Disclosures	Regulation 30 of SEBI Listing Regulations	The Company has adopted this policy	<a href="https://www.hzlindia.com/wp-content/uploads/Policy-for-determination-of-materiality-of-evensUPSI-and-archival-policy.pdf">https://www.hzlindia.com/wp-content/uploads/Policy-for-determination-of-materiality-of-evensUPSI-and-archival-policy.pdf</a>
6	Policy on Archival and Preservation of Documents	Regulation 9 of SEBI Listing Regulations	The Company has adopted this policy.	<a href="https://www.hzlindia.com/wp-content/uploads/HZL-Policy-for-preservation-of-Documents-21-01-16.pdf">https://www.hzlindia.com/wp-content/uploads/HZL-Policy-for-preservation-of-Documents-21-01-16.pdf</a>

Sr. No.	Particular	Statutes	Detail	Website link of the policy
7	Reconciliation of Share Capital Audit Report	Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No D&CC / FITTC/ Cir-16/2002 dated 31 <sup>st</sup> December, 2002.	A qualified practising Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL	<a href="https://www.hzlindia.com/investors/share-information/reconciliation-of-share-capital-audit-report/">https://www.hzlindia.com/investors/share-information/reconciliation-of-share-capital-audit-report/</a>
8	Business Ethics & Code of Conduct	Regulation 17 of the SEBI Listing Regulations	The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended 31 <sup>st</sup> March, 2021. The Integrated Annual Report of the Company contains a certificate by the CEO & Whole-time Director, on the compliance declarations received from the members of the Board and Senior Management.	<a href="https://www.hzlindia.com/wp-content/uploads/HZL-BUSINESS-ETHICS-CODE-OF-CONDUCT-20.01.2020.pdf">https://www.hzlindia.com/wp-content/uploads/HZL-BUSINESS-ETHICS-CODE-OF-CONDUCT-20.01.2020.pdf</a>
9	Dividend Distribution Policy	Regulation 43A of the SEBI Listing Regulations	Company has adopted dividend distribution policy same has been uploaded on the website of Company.	<a href="https://www.hzlindia.com/wp-content/uploads/Dividend-Policy-2016.pdf">https://www.hzlindia.com/wp-content/uploads/Dividend-Policy-2016.pdf</a>
10	Terms of Appointment of Independent Directors	Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act	Terms and conditions of appointment/re-appointment of Independent Directors being a part of nomination and remuneration policy of the Company is available on the Company's website.	<a href="https://www.hzlindia.com/wp-content/uploads/HZL-Nomination-Remuneration-Policy-20.1.2020.pdf">https://www.hzlindia.com/wp-content/uploads/HZL-Nomination-Remuneration-Policy-20.1.2020.pdf</a>
11	Familiarization programme conducted for independent directors 2020-21	Regulations 25(7) and 46 of SEBI Listing Regulations	Details of familiarization program imparted to Independent Directors are available on the Company's website.	<a href="https://www.hzlindia.com/wp-content/uploads/Familiarization-program-conducted-for-independent-directors-2020-21.pdf">https://www.hzlindia.com/wp-content/uploads/Familiarization-program-conducted-for-independent-directors-2020-21.pdf</a>
12	Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018	Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014	The details have been disclosed in the Business Responsibility Report forming part of the Integrated Annual Report. Policy on prevention of sexual harassment at the workplace is also available on the Company's website.	<a href="https://www.hzlindia.com/wp-content/uploads/SHPolicy.pdf">https://www.hzlindia.com/wp-content/uploads/SHPolicy.pdf</a>
13	Insider trading prohibition code	Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015	To Regulate, Monitor and Report Trading in Securities of the Company. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information & Policy for determination of "Legitimate Purpose".	<a href="https://www.hzlindia.com/wp-content/uploads/Final-Insider-Trading-Prohibition-Policy-R6-20-10-2020.pdf">https://www.hzlindia.com/wp-content/uploads/Final-Insider-Trading-Prohibition-Policy-R6-20-10-2020.pdf</a>
14	Nomination & Remuneration Policy	As per provisions of Companies Act, 2013 and SEBI Listing Regulations	Terms and conditions of appointment/re-appointment of the Directors	<a href="https://www.hzlindia.com/wp-content/uploads/HZL-Nomination-Remuneration-Policy-20.1.2020.pdf">https://www.hzlindia.com/wp-content/uploads/HZL-Nomination-Remuneration-Policy-20.1.2020.pdf</a>



## (xii) Means of Communication

The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers in India which include Financial Express, Business Standard, Rajasthan Patrika, Dainik Navjyoti, Dainik Bhaskar etc. The results are also displayed on the Company's website <https://www.hzindia.com/>. The Company also issues press releases from time to time. Financial Results, Statutory Notices, Press Releases and Presentations made to the institutional investors / analysts after the declaration of the quarterly, half-yearly and annual results are submitted to the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) as well as uploaded on the Company's website. A Management Discussion and Analysis Report is a part of this Integrated Annual Report.

### Annual General Meeting

Date: 9<sup>th</sup> August, 2021  
Time: 12.00 noon  
Venue: VC/OAVM

### Financial Calendar

The Company follows the financial year i.e. April to March for accounting purposes.

For the year ending 31<sup>st</sup> March, 2022, financial results will be announced within the statutory time period provided under the Act.

### Book Closure

The dates of book closure are from 5<sup>th</sup> August, 2021 to 8<sup>th</sup> August, 2021, both days inclusive.

## (xiii) Postal Ballot

During the current year, no approval of shareholders was taken through Postal Ballot.

## (xiv) Registrar and Transfer Agent

Kfin Technologies Private Limited  
(Formerly known as Karvy Fintech Private Limited)  
Selenium Tower B, Plot Nos. 31 & 32 |  
Financial District  
Nanakramguda | Serilingampally Mandal |  
Hyderabad - 500032 | India  
Ph. No. : +91 40 67161591  
Fax no. : 040-23311968  
E-mail : [anandan.k@kfintech.com](mailto:anandan.k@kfintech.com)

## GOVERNANCE & COMPLIANCE

### 1. Code of Conduct

Our values and principles are enshrined in the Business Ethics & Code of Conduct ('Code') applies to all executives of the Company. All Board members and all executives annually affirm compliance with the Code. This Code

also ensures compliance with the provisions of the SEBI (LODR). All executives were imparted training during the year in addition to 100% of new joiners.

These covers:

- Guidelines on Corporate Communication
- Securities Dealing Code (Insider Trading Regulations)
- Whistle Blower Policy
- Gift Policy
- The UK Bribery Act
- Foreign Corrupt Practices Act (USA)
- Fraud
- Human Rights
- Antitrust Compliance for Restricting Anti-Competitive Practices
- Health, Safety & Environment
- Political Contribution
- Sexual Harassment

The Code also covers Whistle Blower policy and Vigil Mechanism, which is available on the website of the Company, <https://www.hzindia.com/about-hzl/code-of-conduct/>. The annual declaration of its compliance by senior management personnel of the Company is given by the CEO & Whole-time Director, the same is annexed. During the year no personnel was denied access to the Audit Committee.

We adhere to section 184 of the Companies Act, 2013 which requires that every Director of a Company who is in any way concerned or interested in a contract or arrangement, is required to disclose the nature of his concern or interest annually at a meeting of the Board of Directors.

### 2. Internal Control System

On the recommendation of the Audit Committee, the Company appointed M/s Deloitte Haskins & Sells LLP, Chartered Accountants as the internal auditors of the Company for the financial year 2020-21. Documents, policies and authorisation guidelines comply with the level of responsibility and standard operating procedures specific to the respective businesses. Observations made in internal audit reports on business processes, systems, procedures and internal controls and implementation status of recommended remedial measures by M/s Deloitte Haskins & Sells LLP - Internal Auditors, are presented

quarterly to the Audit Committee of the Board. The Company has a well-established internal control system and procedures and the same has been working effectively throughout the year.

### 3. Risk Management

The Company operates in conditions where economic, environment and social risk are inherent to its businesses. To overcome this and as per requirement of SEBI (LODR), Board has formed a Audit- Risk Management Committee to oversee the mitigation plan for the key risks faced by the Company.

The Company has developed a very comprehensive risk management policy under which all key risks and mitigation plans are compiled into a Risk Matrix. The same is reviewed quarterly by senior management and periodically also by the Risk Management Committee of the Board. The Risk Matrix contains the Company's assessment of impact and probability of each significant risk and mitigation steps taken or planned. The Company has unit-wise Risk Matrix which is reviewed quarterly by Unit and Location Management.

For a detailed discussion, please refer to section on Risk Management Framework.

### 4. Compliance

Our compliance systems cover a multitude of statutory obligations and ensures adherence to all applicable laws and regulations. During FY 2020-21, no material and uncontested financial or non-monetary sanctions were imposed upon the Company except as disclosed in the Financial Statements. Some of the key compliance aspects are dealt with below:

#### (a) Disclosure of Related Party Transactions

There have been no related party transactions with the Company's Promoters, Directors, Management or their relatives which have a potential conflict with the interests of the Company. Members may refer to disclosures made in Note No 37 to Financial Statements in compliance of Regulation 23 of SEBI (LODR) and Ind-AS 24. All the related party transactions are at arm's length price and in the ordinary course of business and with the prior approval of the Audit Committee. However during the year The Company had entered into for purchase of investments aggregating to ₹ 1,407 crore with its parent entity as part of its treasury operations, for which prior approval from audit committee

was not taken and later ratified by audit committee, to that extent the certificate issued on corporate governance has been qualified by the auditors, which is self explanatory. As per section 177 and 188 of the Companies Act 2013, Related Party Transaction policy is also available on the Company website, <https://www.hzllindia.com/about-hzl/code-of-conduct/>

#### (b) Disclosure of Accounting Treatment in Preparation of Financial Statements

The Company follows the guidelines of Accounting Standards referred to in section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 together with Ind AS issued by the Institute of Chartered Accountants of India.

#### (c) Compliance with Capital market regulations

The Company has complied with all the requirements of regulatory authorities and no penalties or strictures were imposed on the Company by stock exchanges or SEBI or any other statutory authority on any matter related to capital market during the last three years.

In compliance with SEBI's regulation on prevention of insider trading, the Company has instituted a comprehensive insider trading code for its management and designated executives, which advises them on procedures to be followed and disclosures to be made while dealing with shares of the Company and cautioning them of the consequences of violations. No violations have been reported during the year.

Since the Company is short of Independent Directors, during the year BSE and NSE had imposed penalty of ₹ 43.19 Lakh on the Company and the same had been paid. However, SEBI vide its letter dated 16<sup>th</sup> April, 2021 waived the above penalty for the quarter ended March 2019 to Dec 2020.

#### (d) Vigil Mechanism

The Company has formatted a Vigil Mechanism for Directors and employees to report genuine concerns. The Vigil Mechanism provides adequate safeguards against victimisation of any person who avail the mechanism and also provides for direct access to the Chairperson of the Audit Committee. The designated email id for lodging the complaints under Vigil

Mechanism or Whistle Blower is [hzi.whistleblower@vedanta.co.in](mailto:hzi.whistleblower@vedanta.co.in) and has also provided dedicated phone number. The same is also available on the website of the Company.

**(e) Share Transfer system**

The Board has delegated the power of approving physical transfer and transmission of shares to the Share Transfer Committee consisting of CEO & WTD, CFO and Company Secretary.

**(f) Credit rating**

Company is rated by 2 agencies – namely CRISIL – Long Term – AAA, Short Term- A1+ ; and by India Ratings Short Term- A1+

**(g)** During the year company has not raised any funds through preferential allotment or qualified institutions placement as specified under regulation 32(7A)

**(h)** Fee disclosure as required by clause 10(K), part C, schedule V of SEBI (LODR) regulation 2015.

**Total fees for all services paid by the Company on a consolidated basis to S R Batliboi & Co. LLP (statutory auditors of the Company) and to entities of the network of which the statutory auditor is a part for the year ended 31<sup>st</sup> March, 2021 is as follows:**

	Amount (₹)
Audit and related services	2,03,56,000
Other fees	3,30,000
Reimbursement- OPE	1,00,000
<b>Total</b>	<b>2,07,86,000</b>

**(i) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**  
**Fluctuation in commodity prices**

Impact: Prices of the Company's finished goods are linked to international bench mark ie. LME (for Zinc and Lead) and LBMA (or silver) and are strongly influenced by global economic conditions and global demand supply for the products. Volatility in commodity prices and demand may adversely affect our earnings, cash flow and reserves.

**Mitigation:** We consider exposure to commodity price fluctuations to be an integral part of company's business and its usual policy is to sale its products at prevailing market prices, and not to enter into long term price hedging arrangements. However, to minimise price risk for finished goods and to achieve monthly average hedging is done. In exceptional circumstances, we may enter into strategic hedging with prior approval of the Company Management. The Company monitors the commodity markets closely to determine the effect of price fluctuations on earnings, capital expenditure and cash flows.

**Currency exchange rate fluctuations**

Impact: Our assets, earnings and cash flows are influenced by a variety of currencies. Fluctuations in exchange rates of those

currencies may have an impact on our financials. Although the majority of the Company's revenue is tied to commodity prices that are typically priced by reference to the US dollar, a significant part of its expenses are incurred and paid in local currency.

**Mitigation:** We do not speculate in forex. We have developed robust controls in forex management to monitor, measure and hedge currency risk liabilities. The Treasury team reviews our forex-related matters periodically and suggests necessary courses of action as may be needed by businesses from time to time, and within the overall framework of our forex policy.

The Company strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged. The Company uses forward exchange contracts to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies as well as financing transactions denominated in foreign currencies. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.



S. No.	Commodity Name(1)	Exposure in INR towards the particular commodity (in Absolute)	Units	Exposure in quantity towards the particular commodity	% of such exposure hedged through commodity derivatives				
					Domestic market		International market		Total
					OTC	Exchange	OTC	Exchange	
1	Zinc	139,613,959,295	MT	723,952.02	0%	0%	57%	15%	72%
2	Silver	43,431,901,472	MT	734.84	0%	0%	30%	18%	48%
3	Lead	32,813,141,111	MT	216,439.29	0%	0%	67%	0%	67%

- The term 'exposure' shall mean gross exposure of the listed entity including exposure both on the asset and liability side.
- If the listed entity has exposure in non-rupee terms, the Indian rupee equivalent after conversion shall be used for the aforesaid disclosures. Please use closing exchange rate for conversion

**(j) CEO Certification**

The CEO certification of the Financial Statements for FY 2020-21 is enclosed at the end of this report.

Affairs, or any such other Statutory Authority, as stipulated under Regulation 34(3) of the Listing Regulations, is attached to this Report

- (k)** During the Year on 29<sup>th</sup> September, 2020 company issued unsecured Non-Convertible Debentures (NCDs) of ₹ 3,520 crore.

- (m)** The Company has complied with all mandatory requirements of SEBI (LODR) Regulations, 2015 including discretionary requirements. The ones not yet adopted are as follows:

**(l) Certificate of Non-Disqualification of Directors**

Certificate from Mr. Shashikant Tiwari, Practising Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI, Ministry of Corporate

- Maintenance of Chairman's office: Currently Chairman is a non-executive Chairman.
- Communication of half yearly results to each household of members: Results are placed on the Company's website and published in leading newspapers.

**(n) Additional Shareholder Information****Registered Office**

Hindustan Zinc Limited  
Yashad Bhawan  
Udaipur - 313004  
Rajasthan

**Plant Locations****Mining Units (all in Rajasthan):**

Rampura Agucha Mine	:	Bhilwara District
Sindesar Khurd Mine	:	Rajsamand District
Zawar Mines	:	Udaipur District
Rajpura Dariba Mine	:	Rajsamand District
Kayad Mine	:	Ajmer District

**Smelting Units (all in Rajasthan):**

Chanderiya Lead Zinc Smelter	:	Chittorgarh District
Dariba Smelting Complex	:	Rajsamand District
Debari Zinc Smelter	:	Udaipur District

**Captive Power Plants (all in Rajasthan):**

Chanderiya Lead Zinc Smelter	:	Chittorgarh District
Dariba Smelting Complex	:	Rajsamand District
Zawar	:	Udaipur District

**Processing & Refining Units:**

Pantnagar Metal Plant	:	Rudrapur District (Uttarakhand)
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**Discontinued Units:**

Vizag Zinc Smelter	:	Visakhapatnam District (Andhra Pradesh)
Tundoo Lead Smelter	:	Dhanbad District (Jharkhand)

Maton Mine : Udaipur District  
Haridwar Zinc Plant : Haridwar District, (Uttarakhand)

**Wind Power Farms:**

Samana : Jamnagar District (Gujarat)  
Gadag : Gadag District (Karnataka)  
Gopalpura : Hassan District (Karnataka)  
Mokal : Jaisalmer District (Rajasthan)  
Osijan : Jodhpur District (Rajasthan)  
Chakala : Nandurbar District (Maharashtra)  
Muthiyampatti : Tirpur District (Tamil Nadu)

**Address for Correspondence:**

Mr. R. Pandwal  
Company Secretary  
Hindustan Zinc Limited  
Yashad Bhawan,  
Udaipur - 313004,  
Rajasthan

## COMPLIANCE CERTIFICATE UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATION, 2015

- A. I, Arun Misra, CEO & Whole-time Director of Hindustan Zinc Limited, have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. I have indicated to the Auditors and the Audit Committee
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

### **Arun Misra**

CEO & Whole-time Director

Place: Udaipur

Date: 27<sup>th</sup> April, 2021



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
**Hindustan Zinc Limited**  
Yashad Bhavan,  
Yashadgarh,  
Udaipur, Rajasthan - 313004

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Hindustan Zinc Limited having CIN L27204RJ1966PLC001208 and having registered office at Yashad Bhavan, Yashadgarh, Udaipur, Rajasthan - 313004 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

S. No.	Name of director(s)	Director Identification Number	Date of appointment in Company
1	Navin Agarwal	00006303	11.04.2002
2	Arun Misra	01835605	01.08.2020
3	Akhilesh Joshi	01920024	01.08.2020
4	Kiran Agarwal	02227122	02.03.2019
5	Farida Mahmood Naik	07612050	14.03.2017
6	Yatinder Prasad	08564506	07.08.2020
7	Anjani Agrawal	08579812	01.08.2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**  
Company Secretaries

### **Shashikant Tiwari**

Partner  
Membership No. ACS 28994  
Certificate of Practice No. 13050  
UDIN: A028994C000185392

Date: 27<sup>th</sup> April, 2021  
Place: Noida, Uttar Pradesh

#### **Note:**

- Due to restricted movement amid COVID-19 pandemic, we have verified the disclosures and declarations received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

### The Members of **Hindustan Zinc Limited**

1. The Corporate Governance Report prepared by Hindustan Zinc Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended 31<sup>st</sup> March, 2021 as required by the Company for annual submission to the Stock exchange.

### MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### AUDITOR'S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply

with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified whether the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on 31<sup>st</sup> March, 2021 and verified whether at least one independent woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings / other meetings held between 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021:
    - (a) Board of Directors;
    - (b) Audit Committee;
    - (c) Annual General Meeting (AGM) / Extra Ordinary General Meeting (EGM);
    - (d) Nomination and Remuneration Committee;
    - (e) Stakeholders Relationship Committee;
    - (f) Risk Management Committee

- v. Obtained necessary declarations from the directors of the Company.
  - vi. Obtained and read the policy adopted by the Company for related party transactions.
  - vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting to verify that all related party transactions have been pre-approved by the audit committee.
  - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### **BASIS FOR QUALIFIED OPINION**

9. The number of independent directors in the Company were less than one-half of the total strength of the Board, the Chairperson of the Board being non-executive and related to Promoter and the Company did not have an independent woman director on its Board. Accordingly, the composition of the Board of Directors of the Company, to such an extent, was not in accordance with the conditions as stipulated under Regulation 17(1)(a) and 17(1)(b) of the Listing Regulations.
10. The Company entered into a transaction for purchase of investments aggregating to ₹ 1,407 crore with its parent entity as part of its treasury operations, for which prior approval from audit committee as stipulated under Regulation 23(2) of the Listing Regulations was not taken. The same was subsequently ratified by the audit committee.

#### **QUALIFIED OPINION**

11. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, except for the matter(s) stated in paragraphs 9 and 10 above, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended 31<sup>st</sup> March, 2021, referred to in paragraph 4 above.

#### **OTHER MATTERS AND RESTRICTION ON USE**

12. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
13. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Sudhir Soni**

Partner

Membership Number: 41870

UDIN: 21041870AAAAAM9230

Place of Signature: Mumbai

Date: 27<sup>th</sup> April, 2021



# Business Responsibility Report

## Section A: General Information

1. Corporate Identity Number (CIN) of the Company	L27204RJ1966PLC001208
2. Name of the Company	Hindustan Zinc Limited
3. Registered address	Yashad Bhawan, Udaipur - 313004 (Rajasthan) India
4. Website	<a href="http://www.hzlindia.com">www.hzlindia.com</a>
5. E-mail id	<a href="mailto:hzl.cosecy@vedanta.co.in">hzl.cosecy@vedanta.co.in</a>
6. Financial Year reported	1 <sup>st</sup> April, 2020 - 31 <sup>st</sup> March, 2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	Mining and Smelting of Non Ferrous metal National Industrial Classification Code: Zinc - 27204 Lead - 27209 Silver - 27205
8. List three key products/services that the Company manufactures/provides (as in balance sheet)	Zinc, Lead and Silver
9. Total number of locations where business activity is undertaken by the Company	
i. Number of International Locations	Nil
ii. Number of National Locations	9 operating units (excluding wind farms, captive power plants and administrative offices)
10. Markets served by the Company - Local/State/National/International	Our products are sold almost in all the states in India. We also export, primarily to Asia & Middle East

## Section B: Financial Details

1. Paid up Capital	₹ 845 crore
2. Total Turnover	₹ 22,629 crore
3. Total profit after taxes	₹ 7,980 crore
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 214.04 crore, equivalent to 2.18% of the profit after tax
5. List of activities in which expenditure in 4 above has been incurred	Education; Sustainable Livelihoods; Women's Empowerment; Health, Water & Sanitation; Sports & Culture; Environment; and Community Development

## Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies?	No
2. Do the subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes then indicate the number of such subsidiary Company(s)	NA
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

#### a) Details of the Director/Director(s) responsible for implementation of the BR Policy/policies

S. No.	Particulars	Details
1.	DIN Number (if applicable)	01835605
2.	Name	Mr. Arun Misra
3.	Designation	Chief Executive Officer & Whole-time Director
4.	Telephone number	0294 6604000
5.	e-mail id	<a href="mailto:hzl.cosecy@vedanta.co.in">hzl.cosecy@vedanta.co.in</a>

#### b) Details of the BR head

same as above

## 2. Principles of Business Responsibility (BR) Policy as per National Voluntary Guidelines (NVG)

Principle 1 (P1): Conduct, Governance, Ethics, Transparency and Accountability

Principle 2 (P2): Safety and Optimal Resource Utilisation across Product Lifecycle

Principle 3 (P3): Employee Well-being

Principle 4 (P4): Engaging Stakeholders

Principle 5 (P5): Respecting and Promoting Human Rights

Principle 6 (P6): Nurturing the Environment

Principle 7 (P7): Responsible Policy Advocacy

Principle 8 (P8): Supporting Inclusive Development

Principle 9 (P9): Providing Customer Value

### Principle-wise (as per NVGs) BR Policy/policies

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. Do you have a policy/policies* for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2. Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Does the policy conform to any national /international standards? If yes, specify? (50 words) Please refer footnote * below	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Has the policy been approved by the Board*? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5. Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6. Indicate the link for the policy to be viewed online?	<a href="https://www.hzllndia.com/about-hzl/code-of-conduct/">https://www.hzllndia.com/about-hzl/code-of-conduct/</a>								
7. Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to the key internal stakeholders and are in the Company website.								
8. Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9. Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes, any grievances or the feed-back relevant to the policies can be sent to <a href="mailto:hzl.cosecy@vedanta.co.in">hzl.cosecy@vedanta.co.in</a> or <a href="mailto:hzl.whistleblower@vedanta.co.in">hzl.whistleblower@vedanta.co.in</a>								
10. Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The policies have been evaluated internally. Several of the policies are also included in third party audits.								

\* All the policies of the Company emanate from Vedanta Sustainability Governance Standards, which are aligned with International Finance Corporation and meet the requirement of IMS Standards. Most of these policies are enshrined in the Company's Business Ethics & Code of Conduct, which has been approved by the Board.

### 2a. If answer to S. No. 1 against any principle, is 'No', please explain why

Not Applicable

## 3. Governance related to BR

### I. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

CEO & Whole-time Director and Senior Management assess the BR performance on an on-going basis, at least annually.

### II. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Separate Sustainability report was published in FY2020 and same is hosted on the Company website. Same is being finalized for FY2021 and will also be hosted on the Company website.

## Section E: Principle-wise performance

### Principle 1: Conduct, Governance, Ethics, Transparency and Accountability

**1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

All our policies on ethics, bribery and corruption extends to all our suppliers, customers, NGOs and anyone who has dealings with the Company. We expect and ensure that all stakeholders are complying with the Business Ethics and Code of Conduct. There is a separate Supplier and Contractor Management Policy that ensures that our supplier and business partner relationships are maintained in a fair, proper and transparent manner. All the policy documents are available on the Company website.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

25 investor complaints were received during FY2021 and all were resolved. Other complaints are received by different functionaries in the Company and are suitably addressed. In addition, customer complaints and whistle blower complaints are monitored separately and all have been satisfactorily resolved.

### Principle 2: Safety and Optimal Resource Utilisation across Product Lifecycle

**1. List up to three of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

HZL operate in zinc, lead and silver metal majorly. Being a responsible organization we ensured to carry out all production and operational activities in a safe and environmentally manner. Over the years, we have constantly improved our recoveries, energy consumption and reduced hazardous waste generation. We adopted new technologies to optimally use the available natural resources to improve environment footprint. Below are three illustrations:

- JSHG- Zinc in Jumbo shape or bigger in size helps to minimize the zinc wastage, ease of handling, cost efficiency and better safety in customer's operations. Less turbulence in zinc galvanizing bath resulting in less dross/ash generation are added benefits to customers.

- Continuous Galvanizing Grade (CGG) zinc alloy produced as per customer requirement. HZL conducted a study in collaboration with subject matter expert to establish the techno commercial benefits of CGG to pass on the learnings with our customers for making their operation for efficient in all aspects and saves energy, cost, reduce bottom drossing, increase in fluidity of liquid zinc, better surface finish etc. are the list of few.

- PW zinc is a pre-alloyed zinc lead combination and with its use there is no need to add lead separately in zinc galvanizing bath reducing occupational hazards of operators in dealing with lead in galvanizing plant.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

**Energy Conservation:** We recognises our operation as an energy-intensive business. We endeavor to use energy efficiently across all our sites and diversifying our energy portfolio to the extent possible. Continuing to improve the efficiency of our operations, reduce energy use and associated costs, and lower our greenhouse gas (GHG) emissions are top priorities for our business.

We are committed to optimize our energy consumption and investing in newer technologies and developing processes to enhance our energy efficiency. Our energy management approach aligned with our Energy and Climate change management policy and standard that helps us to achieve a balanced Energy-Carbon cycle at Hindustan Zinc. Energy and carbon community in place to monitor the progress and guide implementation of best practices to maximize our carbon emission reduction and achieving the Science based targets (Company is committed to reduce absolute Scope 1 and 2 GHG emissions by 14% by 2026-27 and absolute Scope 3 GHG emissions by 20% by 2026-27 from a 2016 base-year). During the year we have initiated turbine revamping of CPPs and aiming to increase the power generation with no additional fuel. We have commissioned the same at one of the CPP and going forward horizontally deploying the same at rest of the CPP units. Switching from High speed Diesel to Natural Gas at PMP and Pyro, Installation of shaft at mines, Installation of VFDs to reduce Auxiliary Power Consumption, Cell house Efficiency improvement etc. are other efforts taken towards reduction of energy consumption.



To reduce our dependency on non-renewable energy sources we are optimizing renewable energy through solar power and wind power plant. The Company has 273.5 MW wind farms in five states across India which are registered under Clean Development Mechanism (CDM) program by United Nations Framework Convention on Climate Change (UNFCCC) as well as under Gold Standard. During the year 1 MW of ground mounted solar power plant has been commissioned taking the total solar power capacity of the Company to 40.59 MW for its captive consumption. Additionally, we have waste heat recovery power plants installed at each roaster with a combined capacity of 35.4 MW that are registered under the Rajasthan Renewable Energy Corporation as a source of renewable energy.

All our Renewable Projects has been registered under Gold Standard, which is the most rigorous certification standard globally for carbon offset projects. The Gold Standard (GS) is an independent certification standard for carbon credits generated from CDM or VER projects.

Hindustan Zinc sets a new benchmark as the Company leads the way for introduction of Battery Electric Vehicles (BEVs) in underground mining. Taking a step closer to achieving carbon neutrality, Company signed a Memorandum of Understanding with Epiroc for 'Zero Emission and Sustainable Mining by introduction of Battery Electric Vehicle (BEV) in underground mining'. This will help to explore the possibility of introducing battery operated vehicles in underground mines which will help reduce carbon emissions, enabling the mine operations to become more environment friendly.

**Water use efficiency:**

Water being one of the key natural resource and is of the utmost importance for our

operations as our operating units are in Rajasthan which is water scarce state. Hence, we understand its importance and adopt best practices for making the judicious use of water and conserve it. We constantly look to improve our performance through improvement of water use efficiency, using less water-intensive technologies and maximization of water recycling opportunities to help minimize use of fresh water and maintaining Zero discharge. As a result, our company was declared Water Positive Company based on assurance carried out by a third-party organisation. With this ratio of 2.41, Company is certified among the top water conserving companies. Further to reemphasize our focus towards water conservation we have taken the long-term Target to be 5 Times Water Positive Company and reducing the water consumption by 25% by 2025 from base year 2020.

India's first dry tailing plant was commissioned at Zawar Mine which is reducing the fresh water consumption by improving the recovery of process water up to 90%, improve tailing dam structural stability and reduce water footprint.

We have Integrated effluent treatment plant at all smelters to ensure maximum recycling of process water and reusing the water back into the process to reduce the dependency on fresh water. Further, technological upgradation by installation of Multiple Effective evaporator/ Mechanical Vapour Recompression (MVR) at all Smelters in place of conventional evaporators will strengthen zero discharge with improved water recovery.

Under beyond the fence initiatives for water management, during the year 15 MLD of STP capacity commissioned in Udaipur city, taking the total to 60 MLD. Additionally, we adopt rainwater harvesting not only at our operations but at nearby communities as well.

**i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

	2019-20		2020-21	
	Sp. Energy Consumption	Sp. Water Consumption*	Sp. Energy Consumption	Sp. Water Consumption*
HZL	20.39	14.51	19.94	13.92

Energy (GJ/MT of Metal)

Water (m3/MT of Metal)

\* Including Udaipur STP treated water

**ii. There is reduction in energy consumption by 2 % and 4 % in water consumption**

**iii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

HZL produce HZDA, a Die-Casting alloy which is a premix of Zn, Al, Mg/Cu in certain ratio to get best output of end product at customer's side. Readily available premix saves the energy, time and cost to the customers. Thus, customer does not need to re-melt the zinc ingot to make an alloy, they can directly use the premix for their end product.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)?**

**i. If yes, what percentage of your inputs was sourced sustainably?**

The Company sources its primary raw material from captive mines. Beneficiation is generally carried on within the mine premises to minimize transportation. For the past several years, the Company has added more to its mining reserves and resources than it has depleted, through systematic exploration efforts.

The Company has now developed automation in the supply Chain model and relevant training has been provided to transporters and drivers. All the vehicles has been fitted with the GPS tracking device , all the Route has been geofenced and route optimization by the system developed application has been done with Navigation tool which has helped us in reducing the turnaround time over the road and inside the location as well. Entry of the vehicle inside the plant, weighment (loaded and empty vehicle) and exit from plant are man-less activity with feature of Auto print of document, auto allow slip, E waybill or E ravana document followed by auto freight payment.

Mechanized shutter vehicles for movement of concentrate from captive mines and all other vehicles are also either in closed tanker/container or covered with tarpaulin and secured with seal mechanism, this has been introduced during the year and thereby reducing spillage, pilferage and dust pollution on the roads. We have increased the transportation of raw material and finished goods through Rail which will help in reduction in carbon emission.

The company also encourages Vendors/ other business partner to set up local manufacturing units in vicinity of our operations to reduce transportation. Few such initiatives like setting up of ancillary unit in Dariba and this year it has been started in CLZS as well which will help us to reduce the waste and save the environment. Vendors are also setting up manufacturing unit like ground support items has been commissioned.

Please also refer to our Environment section of this Annual Report for details about our water, waste, and energy conservation initiatives.

**4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company sources its major inputs from OEMs and large national and international manufacturers. We are actively promoting "Make in India" concept and based on that we have started developing OPMs in India to replace the OEM Import, we have already developed 4-5 OPM, will explore further opportunity in the same. We have also started developing 3D printing Module for developing design of 119 items to substitute the Import. We are setting up the Mega warehouse near to Udaipur, some of our major suppliers had set up manufacturing facility in proximity of our operations which leads to local employment and technology development in India.

Our direct & indirect employment as also our CSR activities are largely focused on the communities surrounding our operations and we are working on the skill development of the nearby community people and engaged the 3<sup>rd</sup> party who is assessing their skill and arranging training for skill enhancement of around 5000 contract employees. We have also atomized our procure to pay process which help local vendor to enter the business with the HZL and to reduce their payment cycle. We are providing training to our suppliers and doing the 3<sup>rd</sup> party /desktop audit as well to align them towards the sustainability goal of the Company.

**5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Our production process is based on principles of optimal use of the raw material and natural resources. Our primary activities are in the extraction, processing and smelting of various minerals as well as power generation using well-established processes and technologies. Our focus on best available technology helps us to produce these products using efficient energy consumption and maximum mineral recovery. We have in place a Resource Use and Waste Management Technical Standard and the supporting guidance notes which augment us to mitigate the environmental impacts of our products and process.

Our Company believes in Zero Waste and has aligned waste management practices to "4-R Policy" Reduce, Reuse, Recycle, and Reclaim in our operations. Company is taking various initiatives and has adopted state of the art technologies to reduce the waste generation, reuse of waste, recovery, recycling of metal from waste and disposal of remaining waste in environmentally sound manner. There is significant reduction in waste generation by adopting the eco-friendly mining methodology and switching from open cast to underground mining, with the commissioning of Fumer plant there will be complete elimination of Jarosite generation from one of the Hydro Zinc Smelter and generated slag will be 100% utilized in cement industries, for effective metal recovery, a second ancillary plant commissioned for treatment of process residues at Chanderia Lead-Zinc Smelter; a project to recover sodium sulphate crystal from RO Reject commissioned at Dariba Zinc Smelter; gainfully utilized waste such as Jarosite, Jarofix, slag and fly ash in cement manufacturing and road construction also tailings used in back-filling voids in mines through Paste fill/ Hydrofill.

The business continued to improve its performance in conservation and recycling. During the reporting year, the water recycling rate was 39% (FY2020: 39.36%) and 31% of the waste generated during the year recycled. (FY2020: 31%).

### Principle 3: Employee Well-being

- 1. Please indicate the total number of employees.**  
We have a total of 3719 employees categorized under executives & non-executives as on 31<sup>st</sup> March, 2021
- 2. Please indicate the total number of employees hired on temporary/contractual/casual basis.**  
We have a total of 16,093 employees as our contractors as on 31<sup>st</sup> March, 2021
- 3. Please indicate the number of permanent women employees.**  
We have a total of 401 women employees (Executive and Non-Executives) as on 31<sup>st</sup> March, 2021
- 4. Please indicate the number of permanent employees with disabilities**  
As an organization we follow Equal Opportunity Policy hence we do not track disabilities number Separately.
- 5. Do you have an employee association that is recognized by the management?**  
Yes, we have recognized trade unions at Hindustan Zinc
- 6. What percentage of your permanent employees are members of this recognized employee association?**  
100% of all non-executives are a part of this association

### 7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Nil

S. No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	Nil. The Company does not hire child labour, forced labour or involuntary labour	Nil
2	Sexual Harassments	4	Nil
3	Discriminatory employment	We follow equal opportunity policy and not discriminate in the employment process. No such reported case.	Nil

### 8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Category	Safety Training	Total (as on 31 <sup>st</sup> March, 2021)	%	Skill Upgradation Training	%
Permanent Executives*	2470	3719	NA	2600	NA
Permanent Women Employees	289	401	NA	372	NA
Contractual Employees	71613	16093	NA	2051	NA
Employees with Disability	Separate list not available				

\* Includes executives and non-executives



#### Principle 4: Engaging Stakeholders - Sustaining Value

##### 1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes. Our primary stakeholders are our employees, vendors, customers, governments, shareholders and the communities around our operations. We continuously engage with each of our stakeholder groups on a pro-active basis and have different grievance redressal mechanisms and stakeholder engagement methodologies in place.

##### 2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.

Identification of the disadvantaged, vulnerable and marginalized stakeholders is an on-going process. For any new proposed project or expansion, we map and engage with all such stakeholders on a proactive basis, particularly through our CSR activities. Further, we have stakeholder management and grievance mechanism in place at all our locations.

##### 3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, we engage with the disadvantaged, vulnerable and marginalized stakeholders. Under our project "Jeevan Tarang Zinc Ke Sang" our vision is to create a more equal world for Persons with Disabilities (PwDs) and strengthen the efficacies of special needs schools in Rajasthan. We have joined hands with the institutions & working with them near our locations in Ajmer, Bhilwara and Udaipur district and reached about 600 PwDs. During pandemic, we continued our intervention through virtual modes like Zoom, recorded videos etc. and carried out following activities: Indian Sign Language training has been integrated for hearing impaired students and their teachers

- Pre-vocational training in Computers and English for the hearing-impaired students for senior classes.
- Sensitization session for parents of deaf; awareness on career prospects, gender equality and issue of child marriage workshops on menstrual hygiene & sexual violence

Our intervention for the visually impaired (VI) involves Technology based learning for students through android smart phones to access books

through Bookshare, world's largest online library for visually impaired.

Also, this year, company supported to vulnerable and marginalized stakeholders during pandemic and reached out to them through various CSR initiatives. Please refer COVID section for more details.

Please refer to the CSR section of this annual report for more details.

#### Principle 5: Respecting and Promoting Human Rights

##### 1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Protecting and respecting Human Rights is an essential part of our organization. The Human Rights policy is oriented along the United Nations Declaration on Human Rights and Modern Slavery Act. The policy also covers all suppliers, contractors and NGOs. The company conducts its businesses in a fair and equitable manner, meeting social responsibilities as a direct and indirect employer and respect human rights of all stakeholders.

##### 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

There have been no stakeholder complaints related to human rights. Please also refer to principle 1, point 2.

#### Principle 6: Nurturing the Environment

##### 1. Does the policy cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

All our Sustainability policies (HSE, Biodiversity, Energy & Climate change, Water Management, HIV/ AIDs, Human Rights and Supplier & Contractor Sustainability Management and CSR Policy) is applicable and extended to Suppliers/Contractors/NGOs/others. We aim to propagate the principles of Sustainability throughout our Value chain and to all stakeholders. The Policy on 'Supplier & Contractor Sustainability Management' encourages resource efficiency in the supply chain which together with the 'Code of Conduct for Vendors and Service Providers' provide guidance to supply chain members and partners to adopt sustainable practices. Also, induction and refresher trainings are imparted to our contract employees and others to raise awareness on sustainability policies and standards. During the year we conducted 13 sustainability awareness webinar series covering

the key aspects of sustainability for both employees and suppliers.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc.? Y/N. If yes, please give details.**

All operational units of HZL are certified as per ISO: 14001 Environment Management System and OSHAS 18001. Our Sindesar Khurd Mines, Debari Zinc Smelter, Dariba Smelting complex, Pantnagar metal plant and Rajpura Dariba mines have been certified as per ISO: 50001 Energy Management System and we are targeting ISO: 50001 Energy Management System certification for all units. There are several innovative technologies which have been implemented to reduce the energy consumption, to reduce our dependency on non-renewable energy sources we are optimizing renewable energy through solar power and wind power plant (40.59 MW of Solar power for captive use). We are also conducting energy audits and taking the measures to improve the energy efficiency continuously.

Energy & Climate Change Management policy and HSE policy guides the organization to proactively address the impact of climate change and other global environment issues through adopting and maintaining global best practices in Energy and Climate Change management, and to minimize greenhouse gas emissions. We are publicly disclosing our Scope 1, Scope 2 and Scope 3 GHG emissions through climate change CDP disclosure. During the year company was recognized for leadership in corporate sustainability by CDP, securing a place on its prestigious 'A List' for tackling climate change.

We became signatory to Science Based Target initiative (SBTi) and committed to reduce absolute Scopes 1 and 2 GHG emissions 14% by 2026-27 from a 2016 base year and committed to reduce absolute Scope 3 GHG emissions 20% by 2026-27 from a base year 2016. Our Energy and Carbon Management community is guiding us to meet the requirement of these goals. Reinforcing its commitment to responsible mining, the Company has become COP26 Business Leader and is consistently working towards achieving Science-Based Targets (SBT's) to curb carbon footprint and also on driving further climate actions across value and supply chains.

Additionally, Company Zinc has signed a memorandum of understanding (MoU) with

Epiroc Rock Drills, advancing a push for zero-emission and sustainable mining with the introduction of battery electric vehicles (BEVs) in underground mining. This partnership with Epiroc fortifies our commitment to green and responsible mining and takes us further in the right direction to achieve carbon neutrality, in line with our emission reduction Sustainability Development Goal for 2025.

Most of our operations are in state of Rajasthan which is water scarce region and we see a climate change as a material concern for our business and stakeholders. Our focus is on both climate mitigation and adaptation measures. This includes the diversifying water and energy resources, securing alternative water source for the business, public private partnership for municipal water reuse / recycling, energy use optimization, efficiency improvement, alternative source of energy use etc. We planted 96380 Nos saplings during the year to increase flora density in the surrounding areas of our operations.

We continuously monitor our greenhouse gas emission intensity for reduction and endeavor to minimize our carbon footprint and voluntarily participate in Carbon Disclosure Project program since 2011. We are also signatory of UNGC and FIMI and submit the communication of progress every year. We are also reporting our sustainability performance as per the GRI Standard. The Company is also computing its Greenhouse Gas inventory in line with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, which is being assured as per the ISAE 3000 standard, by a third-party assurance provider.

This year was significant with recognition at Global level as ranked 7<sup>th</sup> globally in Dow Jones Sustainability Index in metal and mining industries for our Sustainability Performance and ranked 1<sup>st</sup> in Asia Pacific region.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, Environmental risks are regularly identified and assessed through the following:

- Environment & Social Impact Assessment (ESIA) studies carried out by recognized and approved third parties to identify risks and based on that mitigation plan is prepared in the form of Environmental & Social Management Plan, which is integral part of ESIA document.

- Environmental risks are being identified and assessed as part of Integrate Management system ISO: 14001.
- Risk register is maintained by all units under the guidance of Risk Management policy and major risks are reviewed periodically at corporate level.
- Hazard Identification and Risk assessment are also conducted as part of safety management system to identify potential environmental hazards and risks.
- Environment incidents are being captured through online module. Root cause analysis is being done through why-why analysis and learnings are being shared to all units to avoid the reoccurrence.

To effectively manage each of environmental risks, we have a set of Sustainability policies and management and technical standards. An integrated sustainability database management system implemented across the Company ensures monitoring and reviewing of sustainability performance through defined key performance indicators. We have Vedanta Sustainability Assurance process in place for ensuring accuracy and verifiability of sustainability performance against the four pillars of our Sustainability Framework.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company has 273.5 MW wind farms in five states across India which are registered under Clean Development Mechanism (CDM) program by United Nations Framework Convention on Climate Change (UNFCCC) and Verified Carbon Standard program by VEERA. All our Wind and Solar Projects has also been registered under Gold Standard. All our Renewable Projects has been registered under Gold Standard, which is the most rigorous certification standard globally for carbon offset projects. The Gold Standard (GS) is an independent certification standard for carbon credits generated from CDM or VEERA projects.

The Company has made significant investment in green energy aggregating to 349.20 MW to reduce greenhouse gas emission and carbon footprint.

In FY'21 total 1 MW of ground mounted solar power plant has been commissioned taking the total solar power capacity of the Company to 40.42 MW for its captive consumption. In

addition, the Company has captive capacity of 35.27MW through waste heat recovery boilers. The 273.5 MW wind energy plants are in five states and are under long-term power purchase agreement with distribution companies.

During the year, the Company produced solar power of 83.43 million units, waste heat energy of 203.13 million units and wind power of 362.93 million units leading to a reduction of 5,51,695 MT of CO<sub>2</sub> through green power.

**5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give details.**

HZL has been working on climate change issues by improving its process efficiency and taking initiatives in energy efficiency, developing green zones at units and water conservation etc. We have installed 273.5 MW of wind power and 35.4 MW of waste heat recovery power plants to give an impetus to green energy. We are also having 49.59 MW captive solar plants. Wherever feasible we have introduced the solar or energy efficient lights. We focus on energy consumption reduction through various in-process innovations and adoption of best practices like machine productivity and improving throughput to reduce specific energy consumption.

During the year we have initiated turbine revamping of CPPs and aiming to increase the power generation with no additional fuel. We have commissioned the same at one of the CPP and going forward horizontally deploying the same at rest of the CPP units.

**6. Is the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, we are well within the prescribed limits, stipulated by the relevant pollution control authorities. The Company continues to invest in reducing air emission levels through adoption of cleaner technologies/fuels, monitoring of combustion efficiencies and investments in state-of-the-art pollution control equipment, such as bag filters, electrostatic precipitators, etc. Regular monitoring of significant air emission parameters, such as Particulate Matter, Nitrogen Oxide and Sulphur Dioxide to ensure compliance with regulatory requirement.

All hazardous wastes are being stored at earmarked places and timely disposed through the approved registered recyclers as per the Hazardous Waste Rule. The Company has laid



down comprehensive guidelines on waste management for all its units, which cover hazardous as well as non-hazardous waste and monitoring for each waste is being carried out on a regular basis. The Company has measures across units to ensure waste minimization, segregation at source and recycling.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

**Principle 7: Responsible Policy Advocacy**

**1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**

Yes, the Company is a member of the following organisations:

- a) Federation of Indian Mineral Industries
- b) Confederation of Indian Industry
- c) Federation of Indian Chambers of Commerce & Industry
- d) Indian Chamber of Commerce
- e) Associated Chambers of Commerce and Industry of India
- f) India Lead Zinc Development Association
- g) Udaipur Chambers of commerce
- h) Gujmin Industry Association of Gujarat.
- i) UN Global Compact Network -India
- J) Federation of Mining Associations of Rajasthan.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Yes, for economic and mining reforms.

**Principle 8: Supporting Inclusive Development**

**1. Does the Company have specified programmes/initiatives/projects in pursuit of this policy? If yes details thereof**

As a responsible corporate citizen, the Company focuses on community development through its CSR activities. Please refer to the CSR section of this annual report for more details.

**2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/Government structures/any other organization?**

We undertake our CSR activities through all of the above routes.

**3. Have you done any impact assessment of your initiative?**

Yes, the same is done internally and also at times with external agencies once in 3 years.

**4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.**

The total amount spent on all CSR activities and projects during the FY2021 was ₹ 214.04 crore. Please refer to the CSR section of this annual report for more details.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Please refer to the CSR section of this annual report for details

**Principle 9: Providing Customer Value**

**1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

Out of 46 Complaints received during FY2021, 44 complaints have been resolved and pending 2 complains are under closure.

Note- The above number is of formal complaints logged by customers in the Company's portal.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

The label carries information of the date of the production, production unit, Grade of material, LME brand name, Net weight and gross weight, Batch number and Bar code. The company adheres the LME guidelines.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Yes, the Company carries out customer satisfaction survey in every two years. This year we conducted a group wide survey for all metals.

# Independent Auditor's Report

To the Members of Hindustan Zinc Limited

## REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

### Opinion

We have audited the accompanying Ind AS financial statements of Hindustan Zinc Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>(a) Claims and exposure relating to taxation and litigation (as described in Note 3(III)(B), 29 and 31 of the Ind AS financial statements)</b></p>	
<p>The Company is subject to several legal and tax related claims which have been either been disclosed or accounted for in the accompanying financial statements.</p> <p>Taxation and litigation exposures have been identified as a key audit matter due to complexities involved in these matters, timescales involved for resolution and the potential financial impact of these on the financial statements. Further, significant management judgement is involved in assessing the exposure of each case and thus a risk that such cases may not be adequately provided for or disclosed.</p> <p>Accordingly, this matter has been identified as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Gained an understanding of the process of identification of claims, litigations and contingent liabilities and identified key controls in the process. For selected controls, we have performed test of controls.</li> <li>• Obtained the summary of Company's legal and tax cases and critically assessed management's position through discussions with the Legal Counsel, Head of Tax and operational management, on both the probability of success in significant cases, and the magnitude of any potential loss.</li> <li>• Inspected external legal opinions and/or past judicial orders, wherever considered necessary, and other evidence to corroborate management's assessment in respect of legal claims.</li> <li>• Engaged tax specialists to technically assess the management's positions on tax disputes</li> <li>• Assessed the relevant disclosures made within the financial statements to address whether they reflect the facts and circumstances of the respective tax and legal exposures as per the requirements of relevant accounting standards.</li> </ul>

We have determined that there are no other key audit matters to communicate in our report.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



### Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 29 and 31 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Sudhir Soni**

Partner

Membership Number: 41870

UDIN: 21041870AAAAAL8314

Place of Signature: Mumbai

Date: April 27, 2021

## Annexure 1

referred to in paragraph 1 under the heading "Report on other legal and regulatory Requirement's of our report of even date"

Re: **Hindustan Zinc Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of sections 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of products and generation of electricity, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales-tax, duty of custom, goods and services tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance are not applicable to the Company.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, duty of custom, duty of excise, and cess on account of any dispute, are as follows:



Name of the statute	Nature of the dues	Amount (₹ in crore)*	Period (Financial year) to which amount relates	Forum where the dispute is pending
Income tax act, 1961	Income tax	1,526	1998-99 to 2003-2004, 2013-14, 2015-2016	Commissioner of Income Tax (Appeals)
Income tax act, 1961	Income tax	5,405	1988-1989 to 1990-1991, 1992-1993, 1997-98, 1999-00 to 2001-02, 2004-05 to 2010-2011, 2012-13 to 2014-15	Income Tax Appellate Tribunal
Income tax act, 1961	Income tax	2,765	1989-90 to 2011-12	High Court / Supreme Court
Customs Act, 1962	Customs duty	48.39	2008-2014	CESTAT
Customs Act, 1962	Customs duty	0.02	2015-16	Commissioner Appeal
Customs Act, 1962	Customs duty	0.00	2017-18	AC/DC
Central Excise Act, 1944	Excise duty	129.60	1989-2018	CESTAT
Central Excise Act, 1944	Excise duty	7.38	1991 to 1992, 1998 to 2005 and 2007 to 2018	Commissioner and Commissioner Appeal
Central Excise Act, 1944	Excise duty	143.98	1995 to 1996 and 1997 to 2013	High Court
Finance Act, 1994	Service Tax	22.05	1997 to 1999 and 2004 to 2016	CESTAT
Finance Act, 1994	Service Tax	15.19	2002 to 2005 and 2007-18	Commissioner and Commissioner Appeal
Finance Act, 1994	Service Tax	200.65	2004-14 and 2016-2018	High Court
Rajasthan sales tax act, 1994	Sales tax	3.94	2009 to 2011 and 2012 to 2019	Commissioner and Assistant Commissioner
Rajasthan sales tax act, 1994	Sales tax	0.49	2007 to 2008	High Court
Rajasthan sales tax act, 1994	Sales tax	5.55	1985 to 1986	Supreme Court
Rajasthan sales tax act, 1994	Sales tax	83.65	1998 to 2000, 2001 to 2004 and 2009 to 2014	Tax Board
Central Goods and Services Tax Act, 2017	GST	0.44	2019 to 2020	Commissioner

\*Net of amount paid under protest / adjusted against refunds

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. The Company did not have any outstanding loans or borrowing dues in respect of a government during the year.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of Non-Convertible Debentures and term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Sudhir Soni**

Partner

Membership Number: 41870

UDIN: 21041870AAAAAL8314

Place of Signature: Mumbai

Date: April 27, 2021

## Annexure 2

To the Independent Auditor's Report of even date on the Financial Statements of Hindustan Zinc Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hindustan Zinc Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated under the Committee of Sponsoring Organisations of the Treadway Commission (2013 framework) ("COSO 2013"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

#### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in COSO 2013.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Sudhir Soni**

Partner

Membership Number: 41870

UDIN: 21041870AAAAAL8314

Place of Signature: Mumbai

Date: April 27, 2021

# Balance Sheet

as at March 31, 2021

(₹ in crore)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	4	16,447	16,217
b) Capital work-in-progress	4	1,922	2,489
c) Intangible Assets	5	361	252
d) Financial assets			
i) Loans	6	12	13
ii) Others	13	43	40
e) Deferred tax assets (net)	31	1,058	1,822
f) Other non-current assets	7	431	480
g) Income tax assets		885	849
<b>Total Non-current assets</b>		<b>21,159</b>	<b>22,162</b>
<b>Current assets</b>			
a) Inventories	8	1,425	1,835
b) Financial Assets			
i) Investments	9	12,957	20,329
ii) Trade receivables	10	406	379
iii) Cash and cash equivalents	11	313	1,878
iv) Other Bank balances	12	9,063	40
v) Loans	6	2	2
vi) Others	13	53	21
c) Other current assets	7	349	329
<b>Total Current assets</b>		<b>24,568</b>	<b>24,813</b>
<b>TOTAL</b>		<b>45,727</b>	<b>46,975</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	14	845	845
b) Other equity		31,468	39,465
<b>Total Equity</b>		<b>32,313</b>	<b>40,310</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	15	4,312	-
ii) Other financial liabilities	16	8	22
b) Other non-current liabilities	18	1,036	1,068
c) Provisions	17	182	162
<b>Total Non-current liabilities</b>		<b>5,538</b>	<b>1,252</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	15	2,161	611
ii) Operational buyers' credit/ suppliers' credit	19	-	76
iii) Trade payables	20		
a) Total outstanding dues of Micro, Small and Medium Enterprises		38	36
b) Total outstanding dues to creditors other than Micro, Small and Medium Enterprises		1,507	1,376
iv) Other financial liabilities	16	1,971	1,487
b) Other current liabilities	18	1,947	1,694
c) Provisions	17	70	70
d) Current tax liabilities		182	63
<b>Total Current liabilities</b>		<b>7,876</b>	<b>5,413</b>
<b>TOTAL</b>		<b>45,727</b>	<b>46,975</b>

See accompanying notes to financial statements.

As per our report on even date

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per **Sudhir Soni**

Partner

ICAI Membership No.: 41870

Date: April 27, 2021

Place: Mumbai

For and on behalf of the Board of Directors

**Arun Misra**

CEO & Whole-time Director

DIN: 01835605

**R. Pandwal**

Company Secretary

ICSI Membership No.: A9377

Date: April 27, 2021

Place: Udaipur

**Anjani Kumar Agrawal**

Director

DIN: 08579812

Place: Mumbai

# Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in crore)

Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations	21A	22,071	18,332
Other Operating income	21B	558	229
Other income	22	1,819	1,934
<b>Total Income</b>		<b>24,448</b>	<b>20,495</b>
<b>Expenses:</b>			
(Increase)/Decrease in inventories of finished goods and work-in-progress	23	239	(291)
Employee benefits expense	24	760	689
Depreciation and amortization expense	26	2,531	2,279
Power and fuel		1,732	1,704
Mining Royalty		2,759	2,353
Finance costs	25	386	112
Other expenses	27	5,467	5,259
<b>Total expenses</b>		<b>13,874</b>	<b>12,105</b>
<b>Profit before tax</b>		<b>10,574</b>	<b>8,390</b>
Tax expense :			
Current tax	31	1,827	1,428
Deferred tax charge	31	767	157
<b>Total tax expenses</b>		<b>2,594</b>	<b>1,585</b>
<b>Profit for the year</b>		<b>7,980</b>	<b>6,805</b>
<b>Other comprehensive income</b>			
A) Items that will not be reclassified to profit or loss in subsequent period			
(a) Remeasurements (loss) of the defined benefit plans		(7)	(154)
(b) Tax credit		2	54
<b>Total other comprehensive (loss)</b>		<b>(5)</b>	<b>(100)</b>
<b>Total comprehensive income for the year</b>		<b>7,975</b>	<b>6,705</b>
<b>Earnings per share (nominal value of shares ₹ 2)</b>			
- Basic earnings per share (₹)	28	18.89	16.11
- Diluted earnings per share (₹)	28	18.89	16.11

See accompanying notes to financial statements.

As per our report on even date

For **S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 301003E/E300005

per **Sudhir Soni**  
Partner  
ICAI Membership No.: 41870

Date: April 27, 2021  
Place: Mumbai

For and on behalf of the Board of Directors

**Arun Misra**  
CEO & Whole-time Director  
DIN: 01835605

**R. Pandwal**  
Company Secretary  
ICSI Membership No.: A9377

Date: April 27, 2021  
Place: Udaipur

**Anjani Kumar Agrawal**  
Director  
DIN: 08579812  
Place: Mumbai



# Statement of Cash Flow

for the year ended March 31, 2021

Particulars	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax	10,574	8,390
<b>Adjustments to reconcile profit to net cash provided by operating activities:</b>		
Depreciation and amortization expense	2,531	2,279
Interest expense	386	112
Interest income	(941)	(988)
Amortization of deferred revenue arising from government grant	(120)	(97)
Net gain on investments measured at FVTPL	(400)	(637)
Net (Gain)/Loss on sale of Property, Plant and Equipment	(42)	23
Net (Gain) on sale of financial asset investments	(304)	(209)
<b>Operating profit before working capital changes</b>	<b>11,684</b>	<b>8,873</b>
<b>Changes in assets and liabilities</b>		
(Increase)/Decrease in Inventories	411	(291)
(Increase)/Decrease in Trade receivables	(26)	(205)
(Increase)/Decrease in Other current assets	(52)	(13)
(Increase)/Decrease in Other non current assets	12	-
(Increase)/(Decrease) in Trade payables	58	313
(Increase)/(Decrease) in Other current liabilities	235	(920)
(Increase)/(Decrease) in non current liabilities	-	(1)
<b>Cash flows from operations</b>	<b>12,322</b>	<b>7,756</b>
Income taxes paid during the year	(1,755)	(1,135)
<b>Net cash flows from operating activities</b>	<b>10,567</b>	<b>6,621</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchases of Property, Plant and Equipment (including intangibles, CWIP and Capital Advances)	(2,481)	(3,637)
Interest received	1,507	523
Deposits made during the year	(9,952)	(23)
Deposits matured during the year	1,244	-
Purchase of current investments	(41,385)	(35,593)
Proceeds from sale of current investments	48,578	36,063
Proceeds from sale of Property, Plant and Equipment	54	19
<b>Net cash flows (used) in investing activities</b>	<b>(2,435)</b>	<b>(2,648)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Interest and other finance charges paid	(244)	(170)
Proceeds from short term borrowings	13,473	6,945
Repayment of short term borrowings	(11,965)	(8,869)
Proceeds from long term borrowings	5,016	-
Payment of principal portion of lease liabilities	(5)	(4)
Dividend paid	(15,972)	-
<b>Net cash flows (used) in financing activities</b>	<b>(9,697)</b>	<b>(2,098)</b>
Net increase /(decrease) in Cash and cash equivalents	(1,565)	1,875
Cash and cash equivalents at the beginning of the year	1,878	3
<b>Cash and cash equivalents at the end of the year (Refer Note 2(b)(i) &amp; 11)</b>	<b>313</b>	<b>1,878</b>

**Note:-**

- The figures in brackets indicates outflows.
- The above cash flow has been prepared under "Indirect method" as set out in Indian Accounting Standard (Ind AS -7) Statement of Cash Flows.

See accompanying notes to financial statements.

As per our report on even date

For **S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 301003E/E300005

per **Sudhir Soni**  
Partner  
ICAI Membership No.: 41870

Date: April 27, 2021  
Place: Mumbai

For and on behalf of the Board of Directors

**Arun Misra**  
CEO & Whole-time Director  
DIN: 01835605

**R. Pandwal**  
Company Secretary  
ICSI Membership No.: A9377

Date: April 27, 2021  
Place: Udaipur

**Anjani Kumar Agrawal**  
Director  
DIN: 08579812  
Place: Mumbai

# Statement of Changes in Equity

for the year ended March 31, 2021

## a. Equity share capital

Equity shares of ₹ 2 each issued, subscribed and fully paid	Numbers of shares (in crore)	₹ in crore
As at March 31, 2021 and March 31, 2020	423	845

## b. Other equity

Particulars	Reserve and surplus			Total
	Capital Reserve	Retained earnings	General reserve <sup>(2)</sup>	
<b>Balance as at April 1, 2019</b>	<b>1</b>	<b>22,376</b>	<b>10,383</b>	<b>32,760</b>
Profit for the year	-	6,805	-	6,805
Other comprehensive income/(loss) net of tax	-	(100)	-	(100)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>6,705</b>	<b>-</b>	<b>6,705</b>
<b>Balance as at March 31, 2020</b>	<b>1</b>	<b>29,081</b>	<b>10,383</b>	<b>39,465</b>
Profit for the year	-	7,980	-	7,980
Other comprehensive income/(loss), net of tax	-	(5)	-	(5)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>7,975</b>	<b>-</b>	<b>7,975</b>
Dividend declared - Paid <sup>(1)</sup>	-	(15,972)	-	(15,972)
<b>Balance as at March 31, 2021</b>	<b>1</b>	<b>21,084</b>	<b>10,383</b>	<b>31,468</b>

(1) During the year, the company has declared dividend of ₹ 6,972 crore (₹ 16.5 per share) in May, 2020 and interim dividend of ₹ 9,000 crore (₹ 21.3 per share) in October, 2020.

(2) General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of the Companies Act 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn.

See accompanying notes to financial statements.

As per our report on even date

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per **Sudhir Soni**

Partner

ICAI Membership No.: 41870

Date: April 27, 2021

Place: Mumbai

For and on behalf of the Board of Directors

**Arun Misra**

CEO & Whole-time Director

DIN: 01835605

**R. Pandwal**

Company Secretary

ICSI Membership No.: A9377

Date: April 27, 2021

Place: Udaipur

**Anjani Kumar Agrawal**

Director

DIN: 08579812

Place: Mumbai

# Notes to the Financial Statements

for the year ended March 31, 2021

## 1. COMPANY OVERVIEW

Hindustan Zinc Limited ("HZL" or "the Company") was incorporated on January 10, 1966 and has its registered office at Yashad Bhawan, Udaipur (Rajasthan). HZL's shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company is engaged in exploring, extracting and processing of minerals.

HZL's operations include five zinc-lead mines, four zinc smelters, one lead smelter, one zinc-lead smelter, eight sulphuric acid plants, one silver refinery plant, six captive thermal power plants and four captive solar plants in the state of Rajasthan. In addition, HZL also has a rock-phosphate mine in Matoon, near Udaipur in Rajasthan and zinc, lead, silver processing and refining facilities in the state of Uttarakhand. The Company also has wind power plants in the states of Rajasthan, Gujarat, Karnataka, Tamil Nadu and Maharashtra and solar power plants in the state of Rajasthan.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### a) Basis of preparation

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time) and presentation requirement of Division II of schedule III to the Companies Act 2013 (Ind AS compliant Schedule III), as applicable. The financial statements have been prepared on a historical cost convention on the accrual basis except for financial instruments which are measured at fair values (Refer note 3(a) below) and the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Accounting policies have been consistently applied in all material aspects except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements were authorised for issue in accordance with a resolution of Board of Directors on April 27, 2021.

### b) Reclassification

- i. The Company has revised the constituents of cash and cash equivalents for the purpose of cash flow statement to not consider the Earmarked unpaid dividend accounts hitherto included in other bank balance, as this is more appropriate. As a result of this change, earmarked unpaid dividend accounts amounting to ₹ 21 crore and ₹ 20 crore as at March 31, 2019 and March 31, 2020 respectively will not form part of opening and closing cash and cash equivalents in the statement of Cash Flow for the year ended March 31, 2020.
- ii. The Company from the current year has decided to present liabilities with respect to operational buyer's/suppliers credit (refer note 19) on the face of the balance sheet, which were previously included under trade payables to enhance the understanding of the financial statements. The value of such liabilities as at April 1, 2019 was nil and this reclassification has not had any material impact on the financial statements.

## 3.(I) SIGNIFICANT ACCOUNTING POLICIES

### a) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.



# Notes to the Financial Statements

for the year ended March 31, 2021

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## b) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## c) Functional and presentation currency

The financial statements are prepared in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest crores.

## d) Revenue recognition

### (i) Sale of goods

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on delivery of the goods to the carriers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes. Revenues from sale of by-products are included in revenue.

Certain of the Company's sales contracts provide for provisional pricing based on the price on the London Metal Exchange (LME), as specified in the contract. Revenue in respect of such contracts is recognised when control passes to the customer and is measured at the amount the entity expects to be entitled - being the estimate of the

# Notes to the Financial Statements

for the year ended March 31, 2021

price expected to be received at the end of the measurement period. Post transfer of control of goods, provisional pricing features are accounted in accordance with Ind AS 109 'Financial Instruments' rather than Ind AS 115 and therefore the Ind AS 115 rules on variable consideration do not apply. These 'provisional pricing' adjustments i.e. the consideration received post transfer of control are included in total revenue from operations on the face of the Statement of Profit and loss. Final settlement of the price is based on the applicable price for a specified future period. The Company's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

Revenue from freight and insurance services is recognised over the period during which services are rendered.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on Company's future performance.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

## (ii) Sale of wind energy

Revenue from sale of wind power is recognised when delivered and measured based on rates as per bilateral contractual agreements with buyers and at rate arrived at based on the principles laid down under the relevant Tariff Regulations as notified by the regulatory bodies, as applicable.

## (iii) Dividends

Dividend income is recognized in the statement of profit and loss only when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

## (iv) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## (v) Others

Revenue relating to insurance claims and interest on delayed or overdue payments from trade receivable is recognized when no significant uncertainty as to measurability or collection exists.

## e) Property, plant and equipment

### (i) Property, plant and equipment other than mining properties

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The present value of the

# Notes to the Financial Statements

for the year ended March 31, 2021

expected cost for the decommissioning of an asset and mine restoration after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Major machinery spares and parts are capitalized when they meet the definition of Property, Plant and Equipment. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/ other expenses in the Statement of Profit and Loss.

Assets held for sale are carried at lower of their carrying value or fair value less cost to sell.

The cost includes the cost of replacing part of the plant and equipment when significant part of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repairs and maintenance cost are recognized in the Statement of Profit and Loss as incurred.

Government grant related to fixed asset is capitalized along with the asset that it relates to and depreciated over the life of the primary asset.

## (ii) Mining properties

The costs of mining properties, which include the costs of acquiring and developing mining properties are capitalized as Property, Plant and Equipment under the heading "Mining properties" in the year in which they are incurred. When a decision is taken that a Mining property is viable for commercial production (i.e. when the Company determines that the Mining Property will provide sufficient and sustainable return

relative to the risks and the Company decided to proceed with the mine development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalized as developing asset until the mining property are capable of commercial production. Revenue derived during the project phase is adjusted from the cost incurred on the project from which such revenue is generated. With respect to open pit operations, waste removal costs that are incurred in the open pit operations during the operational phase of these mines which provide improved access are recognized as assets. The cost of normal on-going operational stripping activities are recognized in the Statement of Profit and Loss as and when incurred.

When the benefit from the stripping costs are realized in the current period, the stripping costs are accounted as charge in statement of profit and loss account in deferred mining expenses head. Deferred stripping cost are included in mining properties within Property, Plant and Equipment and disclosed as a part of Mining properties. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body to which it improves access.

## (iii) Capital work in progress (CWIP)

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized in CWIP until the period of commissioning has been completed and the asset is ready for its intended use.

## (iv) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible property and other equipment has been provided on the straight-line method.



# Notes to the Financial Statements

for the year ended March 31, 2021

- Depreciation has been provided over remaining useful life of the respective property, plant and equipment in respect of additions arising on account of insurance spares, on additions or extension forming an integral part of existing plants and on the revised carrying amount of assets identified as impaired.
- Mining properties are amortized, from the date on which they are first available for use, in proportion to the annual ore raised to the remaining commercial ore reserves (on a unit-of-production basis) over the total estimated remaining commercial reserves of each property or group of properties and are subject to impairment review. Commercial reserves are proved and probable reserves and any changes affecting unit of production calculations are dealt with prospectively over the revised remaining reserves. In the year of abandonment of mine, the residual balance in mining properties are written off. Costs used in the computation of unit of production comprises the net book value of the capitalised costs plus the future estimated costs required to be incurred to access the commercial reserves.
- Based on technical evaluation, the management believes that the useful lives as given below best represent the period over which the management expects to use the asset.

Assets	Useful life in years
Factory buildings	30 years
Residential buildings	60 years
Roads (included in buildings)	5-10 years
Computers and data processing equipment	3-6 years
Plant and Equipment (Including captive power plant)	8-40 years
Railway sidings	15 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	8-10 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## (v) Exploration & evaluation assets:

Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to explore are expensed as incurred.

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore, are capitalised as exploration and evaluation assets (intangible assets) and stated at cost less impairment, if any. Exploration and evaluation assets are transferred to the appropriate category of property, plant and equipment when the technical feasibility and commercial viability has been determined. Exploration and evaluation assets are assessed for impairment and impairment loss, if any, is recognised prior to reclassification.

Exploration expenditure includes all direct and allocated indirect expenditure associated with finding specific mineral resources.

## vi) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowings of the funds.

## f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

# Notes to the Financial Statements

for the year ended March 31, 2021

Intangible assets are amortized over their estimated useful life. Amounts paid for securing mining rights are amortized over the period of mining lease of 20 years. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss when the asset is derecognised.

## g) Impairment of non-financial assets

Impairment charges and reversals are assessed at the level of cash-generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment tests are carried out annually for all assets when there is an indication of impairment. The Company conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognized impairment losses. External factors, such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognized impairment losses.

If any such indication exists then an impairment review is undertaken, the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly

transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. Fair value for mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post tax discount rate to arrive at the net present value.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

Any reversal of the previously recognized impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

## h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Financial assets - recognition

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets except treasury investment that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Treasury investments are accounted for when the amount is settled in Bank account. For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortized cost

A 'Debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

- Debt instruments at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments, derivatives and equity instruments at fair value through Statement of Profit or Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (Referred to as 'accounting mismatch'). The Company has not invested in any equity instruments.

Debt instrument included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.



# Notes to the Financial Statements

for the year ended March 31, 2021

## Financial assets - derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

## Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and trade receivables
- Financial assets that are debt instruments and are measured as at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss (P&L). This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss (P&L). The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected

# Notes to the Financial Statements

for the year ended March 31, 2021

at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

## Financial liabilities - recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

## Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of Profit and Loss.

- Financial Liabilities at amortized cost (Loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

## Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

## Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract - with the effect

# Notes to the Financial Statements

for the year ended March 31, 2021

that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through Profit or Loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through Profit or Loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss, unless designated as effective hedging instruments.

## Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies

the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

## Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## i) Derivative financial instruments and hedge accounting

### Initial recognition and subsequent measurement

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward currency contracts, commodity contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment



# Notes to the Financial Statements

for the year ended March 31, 2021

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

## (i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the Statement of Profit and Loss.

## (ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the Statement of Profit and Loss.

Amounts recognized as OCI are transferred to Statement of Profit and Loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

## j) Government grants, subsidies and export incentives

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate.

Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset and presented within other income.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released

# Notes to the Financial Statements

for the year ended March 31, 2021

to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

## k) Inventories

Inventories are valued at the lower of cost and net realizable value, less any provision for obsolescence.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (i) Ore, concentrate (mined metal), work-in-progress and finished goods (including significant by-products i.e. silver) are valued at lower of cost or net realizable value on weighted average basis.
- (ii) Stores and spares are valued at lower of cost or net realizable value on weighted average basis.
- (iii) Immaterial by-products, aluminium scrap, chemical lead scrap, anode scrap and coke fines are valued at net realizable value.

Net realizable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

## l) Taxation

### Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit

or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

# Notes to the Financial Statements

for the year ended March 31, 2021

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## m) Retirement and other Employee benefit schemes

### i. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized

as an expense as the related service is rendered by employees.

### ii. Post-Employment Benefits Gratuity

In accordance with the Payment of Gratuity Act of 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed at least 5 years of service; at retirement, disability or termination of employment being an amount equal to 15 days' salary (based on the respective employee's last drawn salary) for every completed year of service.

Based on actuarial valuations conducted as at year end, a provision is recognized in full for the benefit obligation over and above the funds held in the Gratuity Plan.

In respect of defined benefit schemes, the assets are held in separately administered funds. In respect of defined benefit schemes, the cost of providing benefits under the plans is determined by actuarial valuation separately each year using the projected unit credit method by independent qualified actuary as at the year end.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income



# Notes to the Financial Statements

for the year ended March 31, 2021

## Provident Fund

The Company offers retirement benefits to its employees, under provident fund scheme which is a defined benefit plan. The Company and employees contribute at predetermined rates to 'Hindustan Zinc Limited Employee's Contributory Provident Fund' ('Trust') accounted on accrual basis and the conditions for grant of exemption stipulate that the employer shall make good the deficiency, if any, between the return guaranteed by the statute and actual earning of the Trust. The contribution towards provident fund is recognized as an expense in the Statement of Profit and Loss.

## Family Pension

The Company offers its employees benefits under defined contribution plans in the form of family pension scheme. Contributions are paid during the year into the fund under statutory arrangements. The contribution to family pension fund is made at predetermined rates by the Company based on prescribed rules of family pension scheme. The contribution towards family pension is recognized as an expense in the Statement of Profit and Loss. The Company has no further obligation other than the contribution made.

## Superannuation

Certain employees of the Company, who have joined post disinvestment are members of the Superannuation plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India. The contribution is recognized as an expense in the Statement of Profit and Loss.

### iii. Other Long-Term Employee Benefits Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused

entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur. Actuarial differences are recognised immediately in the Statement of Profit and Loss.

### n) Provision

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

#### (i) Provision for Decommissioning

The Company recognizes a provision for decommissioning costs of smelting and refining facilities. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at pre-tax rate that reflects the risks specific to the liability. The unwinding of the discount is expensed as incurred and recognized in the Statement of Profit and Loss as a finance cost. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

The Company recognizes provision for discontinuing of a smelting operation which is charged to the Statement of profit and loss. Management estimates are based on third party technical estimates. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate.

# Notes to the Financial Statements

for the year ended March 31, 2021

**(ii) Provision for Restoration, rehabilitation and environmental costs**

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or on-going production of a mine. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalized at the start of each project as mining properties, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision (considered as finance cost). The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate as per the depreciation policy.

Costs for the restoration of subsequent site damage, which is caused on an on-going basis during production, are charged to the Statement of Profit and Loss as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

**o) Foreign currency translation**

The functional currency for the Company is determined as the currency of the primary economic environment in which it operates. For the Company, the functional currency is the local currency of the country in which it operates, which is Indian Rupee.

In the financial statements of the Company, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in the Statement of Profit and Loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in the other comprehensive income.

**p) Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

**q) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker i.e. CEO. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which are not allocable to segments on a reasonable basis, are included under "Unallocated revenue/ expenses/ assets/ liabilities".

**r) Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**(a) Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

# Notes to the Financial Statements

for the year ended March 31, 2021

## (b) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### (i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are also subject to impairment.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

### (ii) Lease liabilities

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Other Financial Liabilities.

### (iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### t) Investment in joint venture

Investments representing equity interest in joint ventures are carried at cost. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

### u) Operational buyers' credit/suppliers' credit

The Company enters into arrangements where by banks and financial institutions make direct payments to suppliers for goods and services. The banks and financial institutions are subsequently repaid by the Company at a later date providing working capital timing benefits. These are normally settled up to twelve months. Where these arrangements are for goods used in the normal operations of the Company with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as operational



# Notes to the Financial Statements

for the year ended March 31, 2021

buyers' credit/suppliers' credit and disclosed on the face of the balance sheet (refer note 2 (b)). Interest expense on these are recognised in the finance cost. Payments made by banks and financial institutions to the operating vendors are treated as a non cash item and settlement of due to operational buyer's credit/ suppliers' credit by the Company is treated as an cash outflow from operating activity reflecting the substance of the payment.

Payments made to vendors are treated as cash item and disclosed as cash flows from operating/ investing activity depending on the nature of the underlying transaction. Settlement of dues to banks and financial institution are treated as cash flows from financing activity.

## v) Provisions, contingent liabilities and contingent assets

The assessments undertaken in recognising provisions and contingencies have been made in accordance with the applicable Ind AS.

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in Statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not

recognize a contingent liability but discloses its existence in the Balance Sheet.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Financial guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as Contingent liabilities and disclosed in the notes but are not reflected as liabilities in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company is involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefit is probable.

The Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet.

## 3. (II) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### New and amended standards

The Company has adopted, with effect from April 1, 2020, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the financial statements.

#### 1. Amendment to section 135 of Companies Act, 2013

Amendment to the provision states that if the Company spends an amount in excess of the requirements provided (2%), then such a company may set off such excess amount against the requirement to spend under this subsection for such number of succeeding financial years and in such manner, as may be prescribed. Additional disclosure has been made in the CSR note as prescribed under rules in note 33. The changes did not have any material impact on the financials of the Company.

# Notes to the Financial Statements

for the year ended March 31, 2021

2. Amendments to Ind AS 103 regarding definition of a Business.
3. Amendments to Ind AS 107 and 109 regarding Interest Rate Benchmark Reform.
4. Amendments to Ind AS 1 and Ind AS 8 regarding definition of Material.
5. Amendments to Ind AS 116 regarding COVID-19 related rent concessions.

## Other Amendments

A number of other minor amendments to existing standards also became effective on April 1, 2020 and have been adopted by the Company. The adoption of these new accounting pronouncements did not have a material impact on the accounting policies, methods of computation or presentation applied by the Company.

## Standards issued but not yet effective

There are no new standards that are notified, but not yet effective, upto the date of issuance of the Company's financial statements.

## 3(III) CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent liabilities at the date of these financial statements. Actual results may differ from these estimates under different assumptions and conditions.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Information about estimates and judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

### (A) Significant Estimates

#### (i) Mining property and Ore reserve

Ore reserves and mineral resource estimates are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves and mineral

resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body. As a consequence of such an assessment made at the end of the current year, the Company has added new reserves and there is no material impact on the depreciation charge for the year due to this change.

#### (ii) Restoration, rehabilitation and environmental costs:

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine fields. The costs are estimated on annual basis on the basis of mine closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalized when incurred reflecting the Company's obligations at that time. The Company has not considered salvage value for the estimates of provision for decommissioning calculated as at March 31, 2021.

The provision for decommissioning liabilities (Refer note 17) is based on the current estimate of the costs for removing and decommissioning producing facilities, the forecast timing of settlement of decommissioning liabilities and the appropriate discount rate.

# Notes to the Financial Statements

for the year ended March 31, 2021

**(iii) Assessment of useful lives and consumption pattern of Property, Plant and Equipments:**

The Company reviews the useful lives and consumption pattern of Property, Plant and Equipment at the end of each reporting period.

**(iv) Timing of adoption of adoption of section 115BAA of the Income Tax Act, 1961:**

Section 115BAA, of the Income Tax Act, allows companies to make an irrevocable choice to adopt a lower rate of tax of 25% plus applicable surcharge and cess as against the present tax rate of 30% plus surcharge and cess and also an exemption from paying the Minimum Alternate Tax, provided the Company forgoes tax holidays and certain tax exemptions and benefits. The law allows companies to make this election from anytime on or after the start of the financial year April 1, 2020. Based on the expected timing of exercising the said option, the Company has accounted for certain tax credits as detailed in Note 31.

**(B) Significant Judgement**

**Contingencies:**

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

While considering the possible, probable and remote analysis of taxation, legal and other claims, there is always a certain degree of judgement involved pertaining to the application of the legislation which in certain cases is supported by views of tax experts and/or earlier precedents in similar matters. Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on the Company's financial position or profitability.



# Notes to the Financial Statements

for the year ended March 31, 2021

## 4. PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Freehold land	Buildings	Plant and equipment <sup>(1)</sup>	Furniture and fixtures	Vehicles	Office equipment	Railway siding	Mining properties	Right of use <sup>(4)</sup>	Total
<b>At Cost</b>										
<b>As at April 1, 2019</b>	328	1,613	17,926	34	44	251	94	5,368	-	25,658
Additions <sup>(1&amp;4)</sup>	1	295	1,630	3	8	52	-	1,714	170	3,873
Disposals/ adjustments	-	2	242	2	5	1	-	-	-	252
<b>As at March 31, 2020</b>	329	1,906	19,314	35	47	302	94	7,082	170	29,279
Additions <sup>(1&amp;4)</sup>	2	180	1,066	1	1	62	-	1,475	23	2,810
Disposals/ adjustments	-	-	234	-	6	1	-	1	-	242
<b>As at March 31, 2021</b>	331	2,086	20,146	36	42	363	94	8,556	193	31,847
<b>Accumulated depreciation</b>										
<b>As at April 1, 2019</b>	-	417	8,036	23	23	196	27	2,268	-	10,990
Depreciation charge for the year	-	87	892	2	5	21	6	1,247	6	2,266
Disposals/ adjustments	-	-	185	2	4	3	-	-	-	194
<b>As at March 31, 2020</b>	-	504	8,743	23	24	214	33	3,515	6	13,062
Depreciation charge for the year <sup>(3)</sup>	-	105	1,036	2	6	26	5	1,381	8	2,569
Disposals/ adjustments	-	-	225	-	4	1	-	1	-	231
<b>As at March 31, 2021</b>	-	609	9,554	25	26	239	38	4,895	14	15,400
<b>Net Book Value</b>										
<b>As at March 31, 2021</b>	331	1,477	10,592	11	16	124	56	3,661	179	16,447
<b>As at March 31, 2020</b>	329	1,402	10,571	12	23	88	61	3,567	164	16,217

# Notes to the Financial Statements

for the year ended March 31, 2021

## Capital work in progress<sup>(2)</sup>

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Carrying amount of Capital work in progress	1,922	2,489

<sup>(1)</sup> Addition to plant & equipment includes finance cost capitalised of ₹ 23 crore. (March 31, 2020: ₹ 41 crore)

<sup>(2)</sup> During the year, the Company has capitalised the following expenses which are attributable to the construction activity and are included in the cost of capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of such amounts.

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Power and fuel charges	25	32
Repairs and Others	689	393
Consumption of stores and Spare parts	186	333
Employee Benefit Expenses	83	100
General Expenses	1	3
Insurance	3	1
Finance Cost	24	65
<b>Total</b>	<b>1,011</b>	<b>927</b>

<sup>(3)</sup> During the year, the Company has capitalised depreciation attributable to certain assets under development of ₹ 50 crore (March 31, 2020: Nil). Accordingly, depreciation reported in Note 26 for the year ended March 31, 2021 is ₹ 2,519 crore (March 31, 2020: ₹ 2,266 crore)

<sup>(4)</sup> Carrying amount of right-of-use assets recognised and the movements during the period is as below:

(₹ in crore)

Particulars	Plant & machinery	Buildings	Land	Total
<b>As at April 1, 2019</b>	-	-	-	-
Additions*	28	4	138	170
Depreciation	(1)	(1)	(4)	(6)
<b>As at March 31, 2020</b>	<b>27</b>	<b>3</b>	<b>134</b>	<b>164</b>
Additions	-	1	22	23
Depreciation	(1)	(1)	(6)	(8)
<b>As at March 31, 2021</b>	<b>26</b>	<b>3</b>	<b>150</b>	<b>179</b>

\* Assets capitalised on April 1, 2019 pursuant to adoption of IND AS 116.

## 5. INTANGIBLE ASSETS

(₹ in crore)

Particulars	Computer software	Mining rights	Right to use asset*	Exploration & Evaluation asset	Total
<b>At Cost</b>					
<b>As at April 1, 2019</b>	<b>47</b>	<b>67</b>	<b>69</b>	-	<b>183</b>
Additions	1	-	42	112	155
Disposals	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>48</b>	<b>67</b>	<b>111</b>	<b>112</b>	<b>338</b>
Additions	-	-	32	88	120
Disposals	-	-	-	-	-
<b>As at March 31, 2021</b>	<b>49</b>	<b>67</b>	<b>143</b>	<b>200</b>	<b>459</b>
<b>Accumulated depreciation</b>					
<b>As at April 1, 2019</b>	<b>38</b>	<b>21</b>	<b>14</b>	-	<b>73</b>
Charge for the year	4	4	5	-	13
<b>As at March 31, 2020</b>	<b>42</b>	<b>25</b>	<b>19</b>	-	<b>86</b>
Charge for the year	2	4	6	-	12
<b>As at March 31, 2021</b>	<b>44</b>	<b>29</b>	<b>25</b>	-	<b>98</b>
<b>Net Book Value</b>					
<b>As at March 31, 2021</b>	<b>5</b>	<b>38</b>	<b>118</b>	<b>200</b>	<b>361</b>
<b>As at March 31, 2020</b>	<b>6</b>	<b>42</b>	<b>92</b>	<b>112</b>	<b>252</b>

\* CSR assets

# Notes to the Financial Statements

for the year ended March 31, 2021

## 6. LOANS

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Loans to employees	1	1
Security deposits	11	12
<b>Total</b>	<b>12</b>	<b>13</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Loans to employees	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

## 7. OTHER ASSETS

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Capital advances	183	217
Claims and other receivables <sup>(1)</sup>	248	263
<b>Total</b>	<b>431</b>	<b>480</b>
<b>Unsecured, credit impaired</b>		
Claims and other receivables	7	13
Provision on doubtful deposits and claims	(7)	(13)
	-	-
<b>Total</b>	<b>431</b>	<b>480</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Advance given to vendors for supply of goods and services	68	85
Balance with government authorities	208	197
Claims and other receivables <sup>(2) (3)</sup>	73	47
<b>Total</b>	<b>349</b>	<b>329</b>

<sup>(1)</sup> Includes ₹ 101 crore as at March 31, 2021 (March 31, 2020 : ₹ 101 crore) paid under protest on account of Entry tax dispute (see note 29). Balance pertains to Indirect taxes and royalty deposited under dispute with respect to various matters currently litigated in court of law and at various levels of adjudication.

<sup>(2)</sup> Includes ₹ 25 crore (March 31, 2020: ₹ 20 crore) export benefit incentive receivable, ₹ 18 crore CSR pre-spent and ₹ 30 crore (March 31, 2020: ₹ 20 crore) prepaid expenses.

<sup>(3)</sup> Includes leave encashment receivable balance.



# Notes to the Financial Statements

for the year ended March 31, 2021

## 8. INVENTORIES \*

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
a. Work in progress		
Ore	40	44
Mined Metal	258	275
Others	491	561
b. Finished goods <sup>(1)</sup>	48	196
c. Fuel Stock	127	170
[Including goods in transit ₹ 53 crore (March 31, 2020: ₹ 55 crore)]		
d. Stores and spare parts	461	589
[Including goods in transit ₹ 19 crore (March 31, 2020: ₹ 17 crore)]		
<b>Total</b>	<b>1,425</b>	<b>1,835</b>

\* For method of valuation of inventories, Refer note 3(l)(k)

<sup>(1)</sup> Inventory held at net realizable value amounted to ₹ 5 crore (March 31, 2020 : ₹ 4 crore). The write down on this inventory of Nil (March 31, 2020 : ₹ 8 crore) has been taken to Statement of Profit and Loss.

<sup>(2)</sup> The Company follows suitable provisioning norms for writing down the value of inventories towards slow moving, non-moving and surplus inventory. Provision for slow and non moving inventories created during the year is ₹ 7 crore (March 31, 2020: ₹ 29 crore).

## 9. INVESTMENTS

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Measured at fair value through profit and loss</b>		
Investment in bonds-quoted	2,489	1,374
Investment in zero coupon bonds- quoted	2,277	8,908
Investment in mutual funds-quoted	5,420	5,068
Investment in mutual funds-unquoted	2,771	4,979
<b>Total</b>	<b>12,957</b>	<b>20,329</b>
Aggregate amount of quoted investment at market value thereof	10,186	15,350
Aggregate amount of unquoted investment	2,771	4,979

## 10. TRADE RECEIVABLES<sup>(1)(3)(4)</sup>

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Unsecured</b>		
Considered good <sup>(2)</sup>	406	379
Trade receivables- credit impaired	1	1
Provision for doubtful trade receivables	(1)	(1)
<b>Total</b>	<b>406</b>	<b>379</b>

<sup>(1)</sup> The average credit period given to customer ranges from zero to one hundred eighty days (March 31, 2020: zero to one hundred eighty days). Interest is charged on trade receivables for the credit period, from the date of the invoice at 6.65% to 9.15% (March 31, 2020: 7.1% to 12.50%) per annum on the outstanding balance.

<sup>(2)</sup> Unsecured considered good includes, ₹ 80 crore (March 31, 2020: ₹ 54 crore) due from wind energy segment's trade receivables. Unsecured trade receivable of ₹ 169 crore (March 31, 2020: ₹ 54 crore) are covered against Letter of credit and Bank Guarantees.

<sup>(3)</sup> Refer note 37 for details of related party balances and terms and conditions.

<sup>(4)</sup> The total trade receivables as at April 1, 2019 were ₹ 196 crore (net of provision of ₹ 1 crore).

# Notes to the Financial Statements

for the year ended March 31, 2021

## 11. CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Balances with banks</b>		
On current accounts	133	50
Deposits with original maturity of less than 3 months	180	819
Other Deposits with original maturity of less than 3 months <sup>(1)</sup>	-	1,009
<b>Total</b>	<b>313</b>	<b>1,878</b>

<sup>(1)</sup> Other deposit with original maturity of less than 3 months represents deposit with financial institutions other than banks.

For the purpose of statement of cash flows, cash and cash equivalents comprises the following:

Cash and cash equivalents as above	313	1,878
<b>Total</b>	<b>313</b>	<b>1,878</b>

## 12. OTHER BANK BALANCES

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Bank deposits having maturity more than 3 months but not more than 12 months*	9,038	20
Earmarked unpaid dividend accounts	25	20
<b>Total</b>	<b>9,063</b>	<b>40</b>

\* Includes ₹ 4,350 crore (March 31, 2020: NIL) on lien with banks against FD backed OD limits, the same is unutilised as at March 31, 2021

## 13. OTHER FINANCIAL ASSETS

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Security Deposits	39	36
Bank Deposits with more than 12 months maturity	4	4
<b>Unsecured, credit impaired</b>		
Security Deposits	27	27
Provision for doubtful deposits and claims	(27)	(27)
<b>Total</b>	<b>43</b>	<b>40</b>
<b>Current</b>		
<b>Unsecured, Considered Good</b>		
Interest accrued on deposits	2	2
Derivative assets (Refer note 35)	2	4
Receivable from related party (Refer note 37)	49	15
<b>Total</b>	<b>53</b>	<b>21</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

## 14. EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>A. Authorized equity share capital</b>		
Equity shares of ₹ 2 (March 31, 2020: ₹ 2) each.	1,000	1,000
No. of Shares (In crore)	500	500
<b>B. Issued, subscribed and paid up</b>		
Equity shares of ₹ 2 (March 31, 2020: ₹ 2) each.	845	845
No. of Shares (In crore)	423	423
<b>C. Equity shares held by Holding Company</b>		
Vedanta Limited		
No. of Shares (In crore)	274	274
% of Holding	64.92%	64.92%
<b>D. No shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date</b>		
<b>E. Details of shareholders holding more than 5% shares in the Company</b>		
Vedanta Limited		
No. of Shares (In crore)	274	274
% of Holding	64.92%	64.92%
Government of India - President of India		
No. of Shares (In crore)	125	125
% of Holding	29.54%	29.54%

## F. Terms/Rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 2 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividend as and when declared by the Company. Interim dividend is paid as and when declared by the Board. Final dividend is paid after obtaining shareholders' approval. Dividends are paid in Indian Rupees. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount in proportion to their shareholding.

## 15. BORROWINGS

### Non-current

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>At amortised cost</b>		
<b>Unsecured</b>		
Non-convertible debentures <sup>(1)</sup>	3,516	-
Term-loan from banks <sup>(2)</sup>	1,500	-
Total Non-current borrowing	5,016	-
Less: Current maturities of long-term debt (Refer note 16)	(704)	-
<b>Total (Net)</b>	<b>4,312</b>	<b>-</b>

<sup>(1)</sup> During the year, the company has issued 35,200 Unsecured, Rated, Non-convertible debentures (NCDs) of face value of ₹ 1,000,000 each at an interest rate of 5.35%, aggregating upto ₹ 3,520 crore. The NCDs are due for repayment in three yearly installments of ₹ 704 crore, ₹ 1,408 crore and ₹ 1,408 crore respectively starting from September, 2021. As at March 31, 2021, the carrying value is ₹ 3,520 crore.

<sup>(2)</sup> Term loan from banks carry an effective interest rate of 5.05%, and repayable in a single bullet installment in November, 2022.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Current

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
<b>At amortised cost</b>		
<b>Unsecured</b>		
Commercial Paper <sup>(1)</sup>	2,161	-
Working Capital Loans from banks <sup>(2)</sup>	-	611
<b>Total</b>	<b>2,161</b>	<b>611</b>

<sup>(1)</sup> Commercial Papers as on March 31, 2021 carry an effective interest rate in the range of 3.87%-4.35% (March 31, 2020: nil), and repayable in 213-365 days (March 31, 2020: nil) from the date of issue of commercial papers.

<sup>(2)</sup> Working Capital Loans from banks as on March 31, 2020 carried an effective interest rate in the range of 7.50% to 8.85% and were repayable on demand & 1-3 months.

## (C) Movement in borrowings during the year is provided below:

Particulars	(₹ in crore)		
	Borrowing due within 1 year	Borrowing due after 1 year*	Total
As at April 1, 2019	2,538	-	2,538
Cash flow	(1,928)	-	(1,928)
Other non cash changes	1	-	1
<b>As at March 31, 2020</b>	<b>611</b>	<b>-</b>	<b>611</b>
Cash flow	1,549	5,016	6,565
Other non cash changes	1	-	1
<b>As at March 31, 2021</b>	<b>2,161</b>	<b>5,016</b>	<b>7,177</b>

\* Including current maturities of long-term debt & unamortized borrowing fees.

## 16. OTHER FINANCIAL LIABILITIES

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
Lease Liabilities <sup>(2)</sup>	8	22
<b>Total</b>	<b>8</b>	<b>22</b>
<b>Current</b>		
Current maturities of long term debt	704	-
Derivatives - Liabilities (Refer Note 35)	4	36
Capital Creditors	727	1,062
Due to related party (Refer Note 37)	25	7
Deposits from vendors	143	113
Interest accrued but not due	101	1
Unclaimed dividend <sup>(1)</sup>	25	20
Lease liabilities	16	6
Other liabilities (Includes employee benefits etc.)	226	242
<b>Total</b>	<b>1,971</b>	<b>1,487</b>

<sup>(1)</sup> Represents the unclaimed dividend for a period less than 7 years.

<sup>(2)</sup> (a) The maturity analysis of lease liabilities is disclosed in Note 35.



# Notes to the Financial Statements

for the year ended March 31, 2021

(2) (b) Following are the amounts recognised in Statement of Profit & Loss account:

Particulars	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Depreciation expense for right-of-use assets	8	6
b) Interest expense on lease liabilities	3	3
c) Expense relating to short-term leases	1	4
<b>Total amount recognised</b>	<b>12</b>	<b>13</b>

(2) (c) The movement in lease liabilities is as follows:

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
a) Opening balance	28	-
b) Additions	1	32
c) Interest accrued	3	3
d) Repayments (Principal & interest)	(8)	(7)
<b>Closing balance</b>	<b>24</b>	<b>28</b>

(2) (d) Lease liabilities carry an effective interest rate of 7.08 % & 23.25 %

## 17. PROVISIONS

### Non-current

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Provision for mine restoration & decommissioning <sup>(a)</sup>	182	162
<b>Total</b>	<b>182</b>	<b>162</b>

(a)

Particulars	(₹ in crore)		
	Provision for mine restoration(1)	Provision for decommissioning(2)	Total
<b>As at April 1, 2019</b>	133	16	149
Addition during the year/(revision during the year)	29	-	29
Unwinding of discount	4	-	4
Utilized	-	(6)	(6)
<b>As at March 31, 2020</b>	<b>166</b>	<b>10</b>	<b>176</b>
Addition during the year/(revision during the year)	25	-	25
Unwinding of discount	7	-	7
Utilized	(3)	(5)	(8)
Reclassification to Current	(3)	-	(3)
<b>As at March 31, 2021</b>	<b>192</b>	<b>5</b>	<b>197</b>
<b>Classification as at March 31, 2020</b>			
Non-current	162	-	162
Current	4	10	14
<b>Classification as at March 31, 2021</b>			
Non-current	182	-	182
Current	10	5	15

(1) The provision for restoration, rehabilitation, and environmental cost represents the Company's best estimate of the costs which will be incurred in the future to meet the obligations under the laws of the land and the terms Referred to in the Company's mining arrangements. The principal restoration, rehabilitation and environmental provisions are the costs, which are expected to be incurred in restoring at the end of life of these mines at Rampura Agucha, Rajpura Dariba, Zawar Mines, Sindesar Khurd and Kayad.

(2) Provision for decommissioning is created to meet the obligation at decommissioned smelting facility at Vizag location basis an independent technical evaluation.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Current

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Provision for Gratuity (Refer note 30)	55	35
Provision for compensated absences <sup>(1)</sup>	-	21
Provision for mine restoration & decommissioning (Refer (a) above)	15	14
<b>Total</b>	<b>70</b>	<b>70</b>

<sup>(1)</sup> Refer note 7

## 18. OTHER LIABILITIES

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
<b>Non-Current</b>		
Deferred government grant <sup>(2)</sup>	1,036	1,068
<b>Total</b>	<b>1,036</b>	<b>1,068</b>
<b>Current</b>		
Advance from customers <sup>(3)</sup>	1,219	1,184
Statutory and other liabilities <sup>(1)</sup>	604	399
Deferred government grant <sup>(2)</sup>	124	111
<b>Total</b>	<b>1,947</b>	<b>1,694</b>

<sup>(1)</sup> Statutory and other liabilities mainly includes contribution to PF, Goods and service tax (GST), TDS, amount payable to District Mineral Fund (DMF), National Mineral Exploration Trust (NMET) etc.

<sup>(2)</sup> Represents government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of Property, Plant and Equipments accounted for as government grant and being amortised over the useful life of such assets.

<sup>(3)</sup> Advance from customers are contract liabilities and include amounts received under short term supply agreements. The advance payment plus a fixed rate of return/ discount will be settled by supplying respective commodity over a period up to twelve months under an agreed delivery schedule as per the terms of the respective agreements. As these are contracts that the Company expects, and has the ability, to fulfil through delivery of a non-financial item, these are recognised as advance from customers and will be released to the income statement as respective commodity is delivered under the agreements. The amount of such balances as of April 1, 2020 was ₹ 1,184 crore. During current year, the Company has refunded Nil (March 31, 2020: ₹ 650 crore) to the customers. All other changes are either due to exchange differences, receipt of fresh advances or revenues recognised as detailed in note 21.

## 19. OPERATIONAL BUYERS' CREDIT/ SUPPLIERS' CREDIT

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Operational Buyers/Suppliers credit from banks <sup>(1)</sup>	-	76
<b>Total</b>	<b>-</b>	<b>76</b>

<sup>(1)</sup> Operational Buyers'/Suppliers' Credit was availed in foreign currency from offshore branches of Indian banks at an interest rate of 1.13% p.a. as at March 31, 2020. These trade credits were largely repayable within 60 days from the date of draw down. This was backed by Standby Letter of Credit issued under working capital facilities sanctioned by domestic banks. These facilities were unsecured.

# Notes to the Financial Statements

for the year ended March 31, 2021

## 20. TRADE PAYABLES

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Total outstanding dues of Micro, Small and Medium Enterprises	38	36
Total outstanding dues to creditors other than Micro, Small and Medium Enterprises	1,503	1,376
Due to related party (Refer note 37)	4	-
<b>Total</b>	<b>1,545</b>	<b>1,412</b>

The disclosures relating to Micro, Small and Medium Enterprises have been furnished to the extent such parties have been identified on the basis of the intimation received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. There is no interest paid/payable as at March 31, 2021 (March 31, 2020: NIL)

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.		
i) Principal amount due to micro and small enterprises	38	36
ii) Interest due on above	-	-
iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
v) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

## 21. (A) REVENUE FROM OPERATIONS

(₹ in crore)

Particulars	For the year ended	For the year ended
	March 31, 2021	March 31, 2020
Sale of products	21,932	18,159
Income from wind energy	139	173
<b>Total Revenue <sup>(1)</sup></b>	<b>22,071</b>	<b>18,332</b>

<sup>(1)</sup> Revenue is shown exclusive of GST and other indirect taxes, as these collections are not an inflow on entity's own account, rather it is collected on behalf of government authorities.

The above revenue from sale of products for the year ended March 31, 2021 comprises of revenue from contracts with customers of ₹ 22,928 crore (March 31, 2020: ₹ 19,193 crore) and a net loss on mark to market of ₹ 857 crore (March 31, 2020: ₹ 861 crore) on account of gains/losses relating to sales that were provisionally priced as at the beginning of the year with the final price settled in the current year, gains/losses relating to sales fully priced during the year, and marked to market gains/losses relating to sales that were provisionally priced as at the end of the year. Entire revenue from contract with customers is recorded at a point in time and includes ₹ 1,184 crore (March 31, 2020: ₹ 1,116 crore) for which contract liabilities existed at the beginning of the year.

# Notes to the Financial Statements

for the year ended March 31, 2021

## (B) OTHER OPERATING INCOME

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of scrap and residuals	387	100
Export incentives	80	59
Others (unclaimed amount, carbon credits, liquidated damages etc.)	91	70
<b>Total</b>	<b>558</b>	<b>229</b>

## 22. OTHER INCOME

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on investments measured at FVTPL	400	637
Net gain on sale of current investments	304	209
Net gain on foreign currency transactions and translation	13	3
Amortization of deferred revenue arising from government grant	120	97
Gain on sale of fixed assets (net)	42	-
Interest Income on		
Bank deposits measured at amortized cost	434	43
Investments measured at FVTPL	432	868
Other financial assets measured at amortised cost	74	77
<b>Total</b>	<b>1,819</b>	<b>1,934</b>

## 23. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Opening inventory</b>		
Finished goods	196	48
Work in progress :-		
Ore	44	25
Mined metal	275	222
Others (includes various semi-finished goods having Zinc, Lead & Silver content)	561	490
<b>Total (A)</b>	<b>1,076</b>	<b>785</b>
<b>Closing inventory</b>		
Finished goods	48	196
Work in progress :-		
Ore	40	44
Mined metal	258	275
Others (includes various semi-finished goods having Zinc, Lead & Silver content)	491	561
<b>Total (B)</b>	<b>837</b>	<b>1,076</b>
<b>Changes in Inventory (A- B)</b>	<b>239</b>	<b>(291)</b>



# Notes to the Financial Statements

for the year ended March 31, 2021

## 24. EMPLOYEE BENEFIT EXPENSE

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus <sup>(1)</sup>	599	526
Contribution to provident and other funds (Refer Note 30)	46	46
Share based compensation <sup>(2)</sup>	12	19
Staff welfare expenses <sup>(1)</sup>	103	98
<b>Total</b>	<b>760</b>	<b>689</b>

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September, 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the entity believes the impact of the change will not be significant.

<sup>(1)</sup> Includes Corporate social responsibility expenditure of ₹ 3 crore and ₹ 19 crore (March 31, 2020: ₹ 4 crore and ₹ 15 crore) towards salaries, wages and bonus and Company run schools & hospitals respectively. Also, Refer note 33.

<sup>(2)</sup> The Company offers equity-based and cash based option plans to its employees, officers and directors through its holding Company, Vedanta Limited [Vedanta Limited - Employee Stock Option Scheme ("Vedanta Limited- ESOS")].

During the year, share- based incentives arrangement under ESOS of Vedanta Limited (introduced effective December 2016) are provided to the defined management group. The maximum value of shares that can be awarded to members of the defined management group is calculated by reference to the individual fixed salary and share-based remuneration consistent with local market practice. ESOS scheme of Vedanta Limited are both tenure and performance based share schemes. The awards are indexed to and settled by Parent's shares (Vedanta Ltd. shares as defined in the scheme). The awards have a fixed exercise price denominated in Parent's functional currency (₹1), the performance period of each award is 31-36 months and is exercisable within a period of six months from the date of vesting beyond which the option lapses.

Further, in accordance with the terms of the agreement between the Parent and the Company, the cost recognised towards ESOS scheme is recovered by the Parent from the Company.

## 25. FINANCE COSTS

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on financial liabilities at amortised cost <sup>(1) (5)</sup>	320	36
Other interest <sup>(2)</sup>	31	42
Bill discounting charges	11	18
Bank charges	4	2
Other finance costs	20	13
<b>Total</b>	<b>386</b>	<b>112</b>

<sup>(1)</sup> Interest expenses on lease liabilities is ₹ 3 crore (March 31, 2020: ₹ 3 crore)

<sup>(2)</sup> Interest expenses on income tax is ₹ 12 crore (March 31, 2020: ₹ 2 crore)

<sup>(5)</sup> Interest rate of 4.79% was used to determine the amount of general borrowing costs eligible for capitalization in respect of qualifying asset for the year ended March 31, 2021 (March 31, 2020: 5.31%)

## 26. DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Property, Plant and Equipments (Refer note 4)	2,519	2,266
Amortization on intangible assets (Refer note 5)	12	13
<b>Total</b>	<b>2,531</b>	<b>2,279</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

## 27. OTHER EXPENSES

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spare parts	1,140	1,171
Repairs and Maintenance:		
- Plant and equipment	1,523	1,436
- Building	89	115
- Others	1	1
Carriage inwards	185	167
Mine expenses	1,431	1,368
Other manufacturing and operating expenses	387	341
Rates and taxes	2	4
Conveyance and travelling expenses	16	43
Directors sitting fees and commission	1	1
Payment to auditors <sup>(1)</sup>	2	2
Carriage outwards	276	232
Grass root exploration expenses	10	14
Legal and professional expenses	62	35
Research and development expenditure	5	6
Corporate social responsibility (Refer Note 33)	158	96
Loss on sale of fixed assets (net)	-	23
Miscellaneous expenses	179	205
<b>Total</b>	<b>5,467</b>	<b>5,259</b>
<sup>(1)</sup> <b>Remuneration to auditors:</b>		
- Audit fees	2	1
- Other services	0	1
<b>Total</b>	<b>2</b>	<b>2</b>

## 28. EARNINGS PER SHARE

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Basic earnings per share (₹)	18.89	16.11
Diluted earnings per share (₹)	18.89	16.11
The earnings and weighted average number of equity shares used in the calculation of basic and diluted earnings per share are as follows:		
Profit after tax attributable to owners of the Company (in ₹ crore)	7,980	6,805
Earnings used in the calculation of basic earnings for the year (in ₹ crore)	7,980	6,805
Weighted average number of equity shares outstanding (Number in crore)	423	423
Nominal Value per share (in ₹)	2	2



# Notes to the Financial Statements

for the year ended March 31, 2021

**b.** The Department of Mines and Geology (DMG) of the State of Rajasthan initiated the royalty assessment process from January 2008 to 2019 and issued a show cause notice vide an office order dated January 31, 2020 amounting to ₹ 1,925 crore, further an additional demand was issued vide an office order dated December 14, 2020 for ₹ 311 crore on similar questions of law. The Company has challenged (the show cause notice or / and) computation mechanism of the royalty on the ground that the state has not complied with the previous orders of Rajasthan High court where a similar computation mechanism was challenged and court had directed DMG to reassess basis the judicial precedents and mining concession rules. Pending compliance of previous orders, High court has granted a stay on the notice and directed DMG not to take any coercive action. State Government has also been directed to not take any coercive action in order to recover such miscomputed dues. Based on the opinion of external counsel, the Company believes that it has strong grounds of a successful appeal.

**c. Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1,096 crore (March 31, 2020: ₹ 1,635 crore).

**d. Other Commitments - Export obligations**

The Company had ₹ 1,744 crore export obligations (March 31, 2020: ₹2,908 crore) on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India (which is required to be fulfilled over the next six years from purchase). If the company is unable to meet these obligations, its liabilities currently not provided would be ₹ 291 crore (March 31, 2020: ₹ 485 crore) reduced in proportion to actual export. This liability is backed by the bonds executed in favour of Customs department amounting to ₹ 67 crore (March 31, 2020: ₹ 67 crore). Further, bonds amounting to ₹ 1,602 crore (March 31, 2020: ₹ 1,502 crore) will be released subject to verification of EODC (Export obligation discharge certificate) by the Customs department.

## 30. RETIREMENT AND OTHER EMPLOYEE BENEFIT SCHEMES

**a. Defined contribution schemes**

**Family Pension Scheme**

The contributions are based on a fixed percentage of the employee's salary, subject to a ceiling, as prescribed in the scheme. A sum of ₹ 6 crore (March 31, 2020: ₹ 5 crore) has been charged to the Statement of Profit and Loss during the year. There are no further obligations on the Company.

**Superannuation fund**

A sum of ₹ 3 crore (March 31, 2020: ₹ 3 crore) has been charged to the Statement of Profit and Loss in respect to contributions made to the superannuation fund. The Company has no further obligations to the plan beyond the monthly contributions.

**b. Defined benefit plans**

For defined benefit schemes, the cost of providing benefits under the plans is determined by actuarial valuation each year for the plan using the projected unit credit method by independent qualified actuaries as at the year end. Remeasurements in the year are recognized in full in other comprehensive income for the year.

**Provident fund**

The Company offers its employees, benefits under defined benefit plans in the form of provident fund scheme which covers all employees. Contributions are paid during the year into 'Hindustan Zinc Limited Employee's Contributory Provident Fund' ('Trust'). Both the employees and the Company pay predetermined contributions into the Trust. A sum of ₹ 26 crore (March 31, 2020: ₹ 26 crore) has been charged to the Statement of Profit and Loss in this respect during the year.

The Company's Trust is exempted under section 17 of Employees Provident Fund Act, 1952. The conditions for grant of exemption stipulate that the employer shall make good the deficiency, if any, between the return guaranteed by the statute and actual earning of the Trust. Having regard to the assets of the Trust and the return on the investments, the Company does not expect any deficiency in the foreseeable future, except for investments in debt securities of IL&FS Limited, IL&FS Financial Services Ltd. and DHFL (Dewan Housing Finance Corporation Ltd) for which necessary provisions exists.



# Notes to the Financial Statements

for the year ended March 31, 2021

The details of fund and plan asset position are given below:

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Plan assets fair valued	1,544	1,514
Present value of benefit obligation at period end	1,545	1,513
<b>Net Plan Assets/(Liability)</b>	<b>(1)</b>	<b>1</b>
<b>% allocation of plan assets by category</b>		
Central government securities	14%	15%
State government securities(including PSU Bond)	53%	49%
Private Sector Bonds, Mutual funds	33%	36%
<b>Principal actuarial assumptions</b>		
<b>Financial Assumptions</b>		
Discount rate	6.9%	6.8%
Expected statutory interest rate on the ledger balance	8.50%	8.50%
Expected short fall in interest earnings on the fund	0.05%	0.05%
<b>Demographic Assumptions</b>		
i) Retirement Age (Years)	58	58
ii) Mortality rates inclusive of provision for disability	100% of IALM (2012- 14)	100% of IALM (2012- 14)
iii) Withdrawal rates		
Up to 30 Years	3% - 12.2%	3% - 13.5%
From 31 to 44 years	2% - 4.7%	2% - 5.9%
Above 44 years	1%- 2.6%	1%- 2.2%

## Gratuity plan

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, an employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The Company's defined benefit plans are funded with Life Insurance Corporation of India (LIC). The Company does not have any liberty to manage the fund provided to LIC.

The following tables set out the details of the gratuity plans and the amounts recognized in the financial statements.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Principal actuarial assumptions

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:		
<b>Financial Assumptions</b>		
Discount rate	6.9%	6.8%
Expected rate of increase in compensation level of covered employees	6% - 9.5%	6% - 8.5%
<b>Demographic Assumptions</b>		
i) Retirement Age (Years)	58	58
ii) Mortality rates inclusive of provision for disability	IALM (2012-14)	IALM (2012-14)
iii) Withdrawal rates		
Up to 30 Years	3% - 12.2%	3% - 13.5%
From 31 to 44 years	2% - 4.7%	2% - 5.9%
Above 44 years	1%-2.6%	1%-2.2%
Amount recognized in the balance sheet consists of:		
Fair value of planned assets	206	263
Present value of defined benefit obligations	(261)	(298)
<b>Net assets/(Net unfunded liability)</b>	<b>(55)</b>	<b>(35)</b>
<b>% allocation of plan assets by category</b>		
Qualified Policy from Life Insurance Corporation of India (LIC)	100%	100%

The movement during the year of the present value of the defined benefit obligation was as follows:

Particulars	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	298	282
Service cost	12	14
Benefits paid	(72)	(37)
Interest cost	20	22
Actuarial (Gain)/Loss on obligation	3	17
<b>Closing Balance</b>	<b>261</b>	<b>298</b>

The movement during the year in the fair value of plan assets was as follows:

Particulars	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening Balance	263	228
Employer Contributions	0	54
Benefits paid	(72)	(36)
Interest Income	18	18
Remeasurement gain/(loss) arising from return on plan assets	(4)	(1)
<b>Closing Balance</b>	<b>206</b>	<b>263</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

Amounts recognized in Statement of Profit and loss in respect of defined benefit plan are as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	12	14
Net Interest cost	2	4
<b>Total charge to Statement of Profit and Loss</b>	<b>14</b>	<b>18</b>

Amounts recognized in Other Comprehensive Income in respect of defined benefit plan are as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Remeasurement (Gain) / Loss arising from Change in Demographic Assumption	0	(1)
Remeasurement (Gain) / Loss arising from Change in Financial Assumption	5	12
Remeasurement (Gain) / Loss arising from Experience Adjustment	(2)	6
<b>Remeasurement of the net defined benefit liability</b>	<b>3</b>	<b>17</b>

Expected contribution for the next annual reporting period of March 31, 2021:

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Service Cost	13	14
Net Interest Cost	4	3
<b>Expected contribution for the next annual reporting period of March 31, 2021</b>	<b>17</b>	<b>17</b>

## Sensitivity analysis

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Impact of change discount rate</b>		
Increase by 0.50%	(7)	(7)
Decrease by 0.50%	8	7
<b>Impact of change in salary increase rate</b>		
Increase by 0.50%	7	7
Decrease by 0.50%	(7)	(7)

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Maturity Profile of Defined Benefit Obligation

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Year:		
0 to 1 Year	32	38
1 to 2 Year	28	40
2 to 3 Year	32	33
3 to 4 Year	29	35
4 to 5 Year	26	32
5 to 6 Year	26	27
6 Year onwards	88	95

### Risk analysis

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

#### Investment risk

The Company's defined benefit plans are funded with Life Insurance Corporation of India (LIC). The Company does not have any liberty to manage the fund provided to LIC. The present value of the defined benefit plan liability is calculated using a discount rate determined by Reference to Government of India bonds for the Company's operations. If the return on plan asset is below this rate, it will create a plan deficit.

#### Interest risk

A decrease in the interest rate on plan assets will increase the plan liability, however this will be partially offset by increase in the return on plan debt investment.

#### Longevity risk/ Life expectancy

The present value of the defined benefit plan liability is calculated by Reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

#### Salary growth risk

The present value of the defined benefit plan liability is calculated by Reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

## 31. INCOME TAX EXPENSES

The major components of income tax expense for the year ended March 31, 2021 are indicated below:

Particulars	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>a. Tax charge recognised in Profit and Loss</b>		
<b>Current tax:</b>		
Current tax on profit for the year	1,827	1,428
<b>Total Current tax</b>	<b>1,827</b>	<b>1,428</b>
<b>Deferred tax:</b>		
Reversal and origination of temporary differences	69	(62)
MAT credit asset (recognized)/ utilisation	738	226
Adjustment in respect of earlier years	(40)	(7)
<b>Total Deferred tax</b>	<b>767</b>	<b>157</b>
<b>Tax expense for the year</b>	<b>2,594</b>	<b>1,585</b>
<b>Effective income tax rate (%)</b>	<b>24.53%</b>	<b>18.89%</b>



# Notes to the Financial Statements

for the year ended March 31, 2021

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>b. Statement of other comprehensive income</b>		
Deferred tax (credit) / charge on:		
Remeasurement of defined benefit obligation	(2)	(54)
<b>Total</b>	<b>(2)</b>	<b>(54)</b>

**(c) A reconciliation of income tax expense applicable to accounting profits before tax at the statutory income tax rate to recognized income tax expense for the year is as follows:**

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Accounting profit before tax (after exceptional item)</b>	10,574	8,390
Statutory income tax rate	34.94%	34.94%
Tax at statutory income tax rate	3,695	2,932
Disallowable expenses	71	43
Non-taxable capital gains	(47)	(55)
Tax holidays and similar exemptions	(863)	(539)
Additional depreciation under income tax reversible within tax holiday period	3	-
Exempted Income	-	(33)
Effect of changes in tax laws (refer (i) below)	(69)	(477)
Impact of tax rate differences on capital gains	(188)	(279)
Adjustments in respect of prior years	(8)	(7)
<b>Total</b>	<b>2,594</b>	<b>1,585</b>

- (i) During the year ended March 31, 2020, section 115BAA of the Income- tax Act, 1961 was enacted, as per which a Company can move to a lower tax regime by foregoing certain tax benefits and holidays. Based on the expected timing of exercising of Section 115BAA, the Company re-measured its deferred tax balances on March 31, 2019 leading to a deferred tax credit of ₹ 365 crore, being recognized during the previous year and additional credit of ₹ 112 crore on temporary differences that originated during the previous year. The credit in the current year represents temporary differences arising in the current year which are expected to reverse after the Company has moved into the lower tax regime.
- (ii) The tax department had raised demands on account of remeasurement of certain tax incentives, as described below, under section 80IA and 80 IC of the Income tax Act. Based on the favorable orders from Income Tax Appellate Tribunal relating to AY 09-10 to AY 12-13, the Commissioner of Income Tax (Appeals) has allowed these claims for AY 14-15 to AY 15-16, which were earlier disallowed and has granted refund of amounts deposited under protest. Against the Tribunal order, department had filed an appeal in Hon'ble Rajasthan High Court in financial year 17-18 which is yet to be admitted. As per the view of external legal counsel, Department's appeal seeks re-examination of facts rather than raising any substantial question of law and hence it is unlikely that appeal will be admitted by the High Court. Due to this there is a strong prima facie case that ITAT order will stand confirmed and the judgement of High Court going in favour of the Company is highly probable and department's appeal would be dismissed. The amount involved in this dispute as of March 31, 2021 is ₹ 11,271 crore (Previous year: ₹ 10,566 crore) plus applicable interest upto the date of settlement of the dispute.

The Company is eligible for specified tax incentives which are included in the table above as 'tax holidays and similar exemptions'. These are briefly described as under:

**Location based exemption**

In order to boost industrial and economic development in undeveloped regions, provided certain conditions are met, profits of newly established undertakings located in certain areas in India may benefit from a tax holiday. Such a tax holiday works to exempt 100% of the profits for the first five years from the commencement of the tax holiday, and 30% of profits for the subsequent five years. This deduction is available only for units established up to March 31, 2012. However, such undertaking would continue to be subject to the Minimum Alternative tax ('MAT'). The Company has such types of undertakings at Haridwar and Pantnagar. The tax holiday benefit at Haridwar & Pantnagar has expired at March 2018 and March 2021 respectively.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Sectoral Benefit - Power Plants

To encourage the establishment of certain power plants, provided certain conditions are met, tax incentives exist to exempt 100% of profits and gains for any ten consecutive years within the 15 year period following commencement of the power plant's operation. The Company currently has total operational capacity of 474 Mega Watts (MW) of thermal based power generation facilities, wind power capacity of 274 Mega Watts (MW) and solar power plants of 16 MW. However, such undertakings generating power would continue to be subject to the MAT provisions.

### (d) Significant components of deferred tax assets and (liabilities) recognized in the balance sheet are as follows:

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Property, plant and equipment, Exploration and evaluation and intangible assets	(2,205)	(2,021)
Fair valuation of financial assets/liabilities	(248)	(362)
Voluntary retirement scheme	37	20
Other temporary differences	197	171
MAT credit entitlement	3,277	4,014
<b>Deferred Tax Assets (net)</b>	<b>1,058</b>	<b>1,822</b>

Deferred tax charge of ₹ 765 crore (March 2020: ₹ 103 crore) is recorded as below:

Particulars	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Through Other Comprehensive Income</b>		
Remeasurement of defined benefit obligations	(2)	(54)
	<b>(2)</b>	<b>(54)</b>
<b>Through Profit and Loss</b>		
All other charges	767	157
<b>Total</b>	<b>765</b>	<b>103</b>

## 32. JOINT VENTURE- OTHER FINANCIAL ASSETS

The Company had access of up to 31.5 million MT of coal as a partner in the joint venture 'Madanpur South Coal Company Limited' (Madanpur JV), a Company incorporated in India, where it holds 17.62% of ownership interest. During the year 2013-14, Honourable Supreme Court had passed the judgment cancelling all the coal blocks including Madanpur JV allocated since 1993 with certain exceptions and consequently the Company does not have any business to pursue. Accordingly, the Company had created 100% provision against its investment in Madanpur JV amounting to ₹ 2 crore.

The Company's share of each of the assets, liabilities, income and expenses etc., related to its interests in Madanpur JV are:

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Investment in Joint venture		
Madanpur South Coal Company Limited (at cost)	2	2
1,14,391 equity shares of ₹ 10 each (1) (March 31, 2020: 1,14,391 equity shares of ₹ 10 each)		
Less: Aggregate amount of impairment in the value of investment	(2)	(2)
<b>Total</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> The board of directors of Madanpur South Coal Company Limited have approved buy back of equity shares at a price of ₹ 96 per share. Accordingly HZL has exercised buy back option on 37,875 shares on August 12, 2017.

The Company's share of each of the assets, liabilities, income and expenses etc., related to its interests in Madanpur JV are:

Non-current assets (Includes Property, Plant and Equipment)	1	1
Current assets (Includes investments and deposits)	1	1

# Notes to the Financial Statements

for the year ended March 31, 2021

(₹ in crore)

Particulars	For the year ended	
	March 31, 2021	March 31, 2020
Income	-	-
Expenses	-	-

The Company has not prepared consolidated financial statements as at March 31, 2021 & March 31, 2020 as the Company does not have any investment in subsidiaries or associates apart from the above investment in Madanpur JV. The operations of Madanpur JV has been discontinued pursuant to cancellation of coal allocation by Supreme Court and the investments in Madanpur JV are completely impaired. Accordingly, the profits, equity and cash flows on consolidation of Madanpur JV with the Company would remain consistent with the standalone financial statements.

### 33. CORPORATE SOCIAL RESPONSIBILITY EXPENSES

- (a) The Company is required to spend a gross amount of ₹ 196 crore and ₹ 213 crore for the year ended March 31, 2021 and March 31, 2020 respectively.

(₹ in crore)

Particulars	For the year ended March 31, 2021		
	In- Cash	Yet to be Paid in Cash	Total
Amount spent during the year	189	25	214
<b>Total amount spent</b>	<b>189</b>	<b>25</b>	<b>214</b>

(₹ in crore)

Particulars	For the year ended March 31, 2020		
	In- Cash	Yet to be Paid in Cash	Total
Amount spent during the year	103	29	132
<b>Total amount spent</b>	<b>103</b>	<b>29</b>	<b>132</b>

Includes depreciation on the sewage treatment plant (STP) and related assets of ₹ 1 crore (March 31, 2020: ₹ 1 crore), amortisation expenditure on right to use the water of STP is ₹ 6 crore (March 31, 2020: ₹ 5 crore), employee benefit expenses of ₹ 22 crore (March 31, 2020 ₹ 19 crore) and other expenses on running the STP of ₹ 10 crore (March 31, 2020: ₹ 4 crore). There is no capital asset expenditure included in above.

- (b) The Company has an excess CSR spent of ₹ 18 crore which it proposes to offset against future obligations and has recognised the same as an asset in the balance sheet.

(₹ in crore)

Particulars	For the year ended March 31, 2021			
	Opening Balance	Required to be spent	Actual spent	Closing balance
CSR spent during the year	-	196	214	18

### 34. SEGMENT REPORTING

#### a. Basis of Segmentation

The Company is engaged in exploring, extracting and processing minerals. The Company produces zinc, lead, silver and commercial power. The Company has two reportable segments: i) Zinc, Lead, Silver & others and ii) Wind energy. The management of the Company is organized by its main products: Zinc, Lead and Silver and Wind energy. Each of the reportable segments derives its revenues from these main products and hence these have been identified as reportable segments by the Company's Chief Operating Decision Maker ("CODM"). Segment profit amounts are evaluated regularly by the CEO, who has been identified as the CODM, in deciding how to allocate resources and in assessing performance.

# Notes to the Financial Statements

for the year ended March 31, 2021

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3. The operating segments reported are the segments of the Company for which separate financial information is available. Segment profit (Earnings before interest, depreciation and amortization, and tax) amounts are evaluated regularly by the CEO who has been identified as its CODM in deciding how to allocate resources and in assessing performance. The Company's financing (including finance costs and finance income) and income taxes are reviewed on an overall basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Revenue and expenses directly attributable to segment are reported under each reportable segment. Expenses which are not directly identifiable to each reporting segment have been allocated on the basis of appropriate cost drivers of the segment. Segment results for silver have been determined based on attributing manufacturing costs for generating the related WIPs and other expenses. Asset and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

The following table presents revenue and profit information and certain assets information regarding the Company's business segments.

**b. Information about reportable segments**  
**I. Information about primary segment**

Particulars	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Revenue</b>		
<b>Zinc, Lead, Silver &amp; others</b>		
(i) Zinc, Lead and others	17,550	15,715
(ii) Silver	4,382	2,444
<b>Wind Energy</b>	<b>139</b>	<b>173</b>
<b>Segment revenue</b>	<b>22,071</b>	<b>18,332</b>
<b>Segment Results</b>		
<b>Zinc, Lead, Silver &amp; others</b>		
(i) Zinc, Lead and others	5,400	4,431
(ii) Silver	3,851	2,127
<b>Wind Energy</b>	<b>78</b>	<b>109</b>
<b>Segment Results</b>	<b>9,329</b>	<b>6,667</b>
Less: Finance costs	386	112
Add: Interest income	867	988
Add: Other unallocable income net of unallocable expenditure	764	847
<b>Profit before tax</b>	<b>10,574</b>	<b>8,390</b>
Tax expenses	2,594	1,585
<b>Profit for the year</b>	<b>7,980</b>	<b>6,805</b>
<b>Depreciation &amp; amortisation Expense</b>		
Zinc, Lead, Silver and others	2,503	2,251
Wind Energy	28	28
<b>Total</b>	<b>2,531</b>	<b>2,279</b>

\* Segment results for silver have been determined based on attributing manufacturing costs for generating the related WIPs and other expenses.



# Notes to the Financial Statements

for the year ended March 31, 2021

Below table summarises the disaggregated revenue from contracts with customers:

(₹ in crore)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Zinc	14,641	13,328
Lead	3,454	2,861
Silver	4,384	2,462
Wind Energy	139	173
Others	310	369
<b>Revenue from contracts with customers</b>	<b>22,928</b>	<b>19,193</b>
Gains/(losses) on provisionally priced contracts (net) (Refer Note 21)	(857)	(861)
<b>Total Revenue</b>	<b>22,071</b>	<b>18,332</b>

(₹ in crore)

Particulars	Zinc, Lead and Silver	Wind energy	Unallocated	Total
<b>As at March 31, 2021</b>				
<b>Assets and liabilities</b>				
<b>Assets</b>				
Segment assets	20,753	624	74	21,451
Financial assets investments	-	-	12,957	12,957
Deferred tax asset (net)	-	-	1,058	1,058
Cash and cash equivalent	-	-	313	313
Other bank balance	-	-	9,063	9,063
Advance income tax (net of provision for tax)	-	-	885	885
<b>Total assets</b>	<b>20,753</b>	<b>624</b>	<b>24,350</b>	<b>45,727</b>
<b>Liabilities</b>				
Segment liability	5,883	20	152	6,055
Borrowings	-	-	7,177	7,177
Current Tax Liabilities (Net)	-	-	182	182
<b>Total liabilities</b>	<b>5,883</b>	<b>20</b>	<b>7,511</b>	<b>13,414</b>
<b>As at March 31, 2020</b>				
<b>Assets and liabilities</b>				
<b>Assets</b>				
Segment assets	21,340	693	24	22,057
Financial assets investments	-	-	20,329	20,329
Deferred tax asset (net)	-	-	1,822	1,822
Cash and cash equivalent	-	-	1,878	1,878
Other bank balance	-	-	40	40
Advance income tax (net of provision for tax)	-	-	849	849
<b>Total assets</b>	<b>21,340</b>	<b>693</b>	<b>24,942</b>	<b>46,975</b>
<b>Liabilities</b>				
Segment liability	5,950	20	632	6,602
Current Tax Liabilities (Net)	-	-	63	63
<b>Total liabilities</b>	<b>5,950</b>	<b>20</b>	<b>695</b>	<b>6,665</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

## Other Segment Information

### Segment capital expenditure

The below expenditure includes additions to property, plant and equipment, intangible assets, capital work in progress and capital advances:

Particulars	(₹ in crore)		
	Zinc, Lead and Silver	Wind energy	Total
<b>For the year ended March 31, 2021</b>	2,329	-	2,329
For the year ended March 31, 2020	4,235	-	4,235

## II. Information based on Geography

Geographical Segments	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue by geographical segment		
India	16,361	14,635
Asia (excluding India)	5,440	3,529
Rest of the World	270	168
<b>Total</b>	<b>22,071</b>	<b>18,332</b>

Non-current assets <sup>(1)</sup>	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
India	20,046	20,287
<b>Total</b>	<b>20,046</b>	<b>20,287</b>

(1) Excluding financial instruments and deferred tax assets.

Segment capital expenditure	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
India	2,329	4,235
<b>Total</b>	<b>2,329</b>	<b>4,235</b>

### Information about major customer

One customer accounted for 13.32% of revenue during the year. (March 31, 2020: Nil)

## 35. FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 and Note 3.

# Notes to the Financial Statements

for the year ended March 31, 2021

## Financial assets and liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

(₹ in crore)				
Particulars	Fair Value through profit and loss	Amortized Cost	Total carrying value	Total fair value
<b>As at March 31, 2021</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	313	313	313
Other bank balances	-	9,063	9,063	9,063
Current investments	12,957	-	12,957	12,957
Trade receivables	16	390	406	406
Other Current financial assets and loans	2	53	55	55
Other Non-current financial assets	-	55	55	55
<b>Total</b>	<b>12,975</b>	<b>9,874</b>	<b>22,849</b>	<b>22,849</b>
<b>Financial liabilities</b>				
Borrowings	-	7,177	7,177	7,184
Trade payables	-	1,545	1,545	1,545
Other Current financial liabilities	4	1,263	1,267	1,267
Other Non-current financial liabilities	-	8	8	8
<b>Total</b>	<b>4</b>	<b>9,993</b>	<b>9,997</b>	<b>10,004</b>
<b>As at March 31, 2020</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	1,878	1,878	1,878
Other bank balances	-	40	40	40
Current investments	20,329	-	20,329	20,329
Trade receivables	9	370	379	379
Other Current financial assets and loans	4	19	23	23
Other Non-current financial assets	-	53	53	53
<b>Total</b>	<b>20,342</b>	<b>2,360</b>	<b>22,702</b>	<b>22,702</b>
<b>Financial liabilities</b>				
Borrowings	-	611	611	611
Trade payables	-	1,412	1,412	1,412
Operational buyers' credit/ suppliers' credit	-	76	76	76
Other Current financial liabilities	36	1,451	1,487	1,487
Other Non-current financial liabilities	-	22	22	22
<b>Total</b>	<b>36</b>	<b>3,572</b>	<b>3,608</b>	<b>3,608</b>

The management assessed that Cash and cash equivalents, Other bank balances, Trade receivables, Trade payables, Short term borrowings, operational buyer's credit, other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Fair value of the current instrument in bonds and zero coupon bonds are based on the price quotations at the reporting date. Fair value of current investments that are in the nature of 'close ended' mutual funds are based on market observable inputs i.e. NAV provided by mutual fund houses. [a level 2 technique].

# Notes to the Financial Statements

for the year ended March 31, 2021

Fair value of current investments that are in the nature of 'open ended' mutual funds are derived from quoted market prices in active markets [a level 1 technique].

The Fair value of non current financial assets and liabilities are estimated by discounting the expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the appropriate credit spread.

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are valued using valuation technique with market observable inputs. The most frequently applied valuation techniques for such derivatives include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying currency (a level 2 technique). Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange i.e. London Metal Exchange, United Kingdom (U.K.) [a level 2 technique].

## Fair value hierarchy

The table shown below analyses financial instruments carried at fair value, by measurement hierarchy. The different levels have been defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Quantitative disclosures on fair value measurement hierarchy:

(₹ in crore)

Particulars	Level-1	Level-2	Level-3
<b>As at March 31, 2021</b>			
<b>Financial Assets</b>			
At fair value through profit and loss			
Short term investment	2,771	10,186	-
Derivatives financial Assets*			
Forward foreign currency contracts	-	2	-
Trade receivables	-	16	-
<b>Total</b>	<b>2,771</b>	<b>10,204</b>	<b>-</b>
<b>Financial Liabilities</b>			
At fair value through profit and loss			
Derivatives financial Liabilities*			
Forward foreign currency contracts	-	3	-
Commodity contracts	-	1	-
<b>Total</b>	<b>-</b>	<b>4</b>	<b>-</b>



# Notes to the Financial Statements

for the year ended March 31, 2021

(₹ in crore)

Particulars	Level-1	Level-2	Level-3
<b>As at March 31, 2020</b>			
<b>Financial Assets</b>			
At fair value through profit and loss			
Short term investment	4,979	15,350	-
Derivatives financial Assets*			
Forward foreign currency contracts	-	4	-
Trade receivables	-	9	-
<b>Total</b>	<b>4,979</b>	<b>15,363</b>	<b>-</b>
<b>Financial Liabilities</b>			
At fair value through profit and loss			
Derivatives financial Liabilities*			
Forward foreign currency contracts	-	16	-
Commodity contracts	-	20	-
<b>Total</b>	<b>-</b>	<b>36</b>	<b>-</b>

\* Refer section - "Derivative financial instruments"

The below table summarises the fair value of borrowings which are carried at amortised cost as at March 31, 2021 and March 31, 2020:

(₹ in crore)

Particulars	Level-1	Level-2	Level-3
<b>As at March 31, 2021</b>			
Borrowings	-	7,184	-
<b>Total</b>	<b>-</b>	<b>7,184</b>	<b>-</b>
<b>As at March 31, 2020</b>			
Borrowings	-	611	-
<b>Total</b>	<b>-</b>	<b>611</b>	<b>-</b>

There is no financial instrument which is classified as level 3 during the year. There were no transfers between Level 1, Level 2 and Level 3 during the year.

## Risk management framework

### Risk management

The Company's businesses are subject to several risks and uncertainties including financial risks. The Company's documented risk management policies act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. Each significant risk has a designated 'owner' within the Company at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. The Audit Committee is aided by the Risk Management Committee, which meets regularly to review risks as well as the progress against the planned actions. Key business decisions are discussed at the periodic meetings of the Executive Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

# Notes to the Financial Statements

for the year ended March 31, 2021

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

## Treasury management

The Company's treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Executive Committee meetings. Day-to-day treasury operations of the Company are managed by the finance team within the framework of the overall Company's treasury policies. A monthly reporting system exists to inform senior management about investments, currency and, commodity derivatives. The Company has a strong system of internal control which enables effective monitoring of adherence to Company's policies. The internal control measures are effectively supplemented by regular internal audits.

The Company uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forwards and these are subject to the Company's guidelines and policies.

## Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2021 & March 31, 2020. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations, provisions, and the non-financial assets and liabilities of foreign operations.

## Commodity price risk

The Company is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Company produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Company aims to achieve the monthly average of the commodity prices for sales realization. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the Company.

# Notes to the Financial Statements

for the year ended March 31, 2021

Whilst the Company aims to achieve average LME prices for a month or a year, average realized prices may not necessarily reflect the LME price movements because of a variety of reasons such as uneven sales during the year and timing of shipments.

Financial instruments with commodity price risk are entered into in relation to following activities:

- economic hedging of prices realized on commodity contracts.
- cash flow hedging on account of forecasted highly probable transactions.

The sales prices of zinc and lead are linked to the LME prices. The Company also enters into hedging arrangements for its Zinc and Lead sales to realize month of sale LME prices.

Total exposure on provisionally priced Zinc, Lead & Silver contracts as at March 31, 2021 were ₹ 135 crore (March 31, 2020 ₹ 37 crore), ₹ 18 crore (March 31, 2020 ₹ 2 crore) and Nil (March 31, 2020 nil) respectively. The impact on net profits for a 10% movement in LME prices of zinc, 5% movement in LME price of lead and 5% movement in LBMA price of silver that were provisionally priced as at March 31, 2021 is ₹ 13 crore, ₹ 1 crore, Nil respectively and as at March 31, 2020 is ₹ 4 crore, Nil and Nil respectively.

## Financial risk

The Company's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize interest and commodity pricing through proven financial instruments.

### a. Liquidity risk

The Company requires funds both for short-term operational needs as well as for long-term investment programme mainly in growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.

The Company has been rated as 'AAA' / Stable for long term and A1+ for short term by CRISIL Limited during the current and previous financial years.

The Company remains committed to maintaining a healthy liquidity, gearing ratio and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

	(₹ in crore)				
Payment due by years	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
<b>As at March 31, 2021</b>					
Trade and other payables	2,691	-	-	-	2,691
Lease Liabilities	16	6	1	1	24
Derivative financial liabilities	4	-	-	-	4
Borrowings*	3,250	4,546	-	-	7,796
<b>Total</b>	<b>5,961</b>	<b>4,552</b>	<b>1</b>	<b>1</b>	<b>10,515</b>
<b>As at March 31, 2020</b>					
Trade and other payables	2,933	-	-	-	2,933
Lease Liabilities	6	11	10	1	28
Derivative financial liabilities	36	-	-	-	36
Borrowings	611	-	-	-	611
<b>Total</b>	<b>3,586</b>	<b>11</b>	<b>10</b>	<b>1</b>	<b>3,608</b>

\* Includes Non-current borrowings, current borrowings, current maturities of non-current borrowings, committed interest payments on borrowings and interest accrued on borrowings.

# Notes to the Financial Statements

for the year ended March 31, 2021

The Company had access to following funding facilities.

(₹ in crore)			
Funding facility	Total facility	Drawn	Undrawn
<b>As at March 31, 2021</b>			
Less than 1 year	12,120	5,568	6,552
More than 1 year	-	-	-
<b>Total</b>	<b>12,120</b>	<b>5,568</b>	<b>6,552</b>
<b>As at March 31, 2020</b>			
Less than 1 year	2,600	1,730	870
More than 1 year	-	-	-
<b>Total</b>	<b>2,600</b>	<b>1,730</b>	<b>870</b>

## b. Foreign exchange risk

Fluctuations in foreign currency exchange rates may have an impact on the Statement of Profit and Loss, where any transaction References more than one currency other than the functional currency of the Company.

The Company uses forward exchange contracts, to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies denominated in foreign currency. The Company is also exposed to foreign exchange risk on its exports. Most of these transactions are denominated in US dollars. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns. Longer term exposures, are normally unhedged. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed. The following analysis is based on the gross exposure as at the reporting date which could affect the Statement of Profit and Loss. The below table summarises the foreign currency risk from financial instrument and is partly mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on "Derivative financial instruments."

(₹ in crore)				
Currency exposure	As at March 31, 2021		As at March 31, 2020	
	Financial Asset	Financial Liability	Financial Asset	Financial Liability
US Dollar	319	23	276	204
Australian Dollar	-	4	-	16
JPY	-	7	-	-
Euro	-	175	-	262
Others	-	1	-	11

The Company's exposure to foreign currency arises where a Company holds monetary assets and liabilities denominated in a currency different to the functional currency of the Company, with US dollar, JPY and Euro being the major non-functional currency. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, liquidity and other market changes.

The results of Company operations may be affected largely by fluctuations in the exchange rates between the Indian Rupee, against the US dollar. The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rate shift in the currencies by 5% against the functional currency of the respective entities.



# Notes to the Financial Statements

for the year ended March 31, 2021

Set out below is the impact of a 10% strengthening/weakening in the INR on pre-tax profit/(loss) arising as a result of the revaluation of the Company's foreign currency financial assets/liabilities:

(₹ in crore)

Particulars	Total exposure		Effect of 10% strengthening/weakening of INR on pre-tax profit/(loss)	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
US Dollar	(296)	(72)	(30)	(7)
Australian Dollar	4	16	0	2
JPY	7	-	1	-
Euro	175	262	17	26
Others	1	11	0	1

### c. Interest rate risk

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Company's financial assets to interest rate risk is as follows:

(₹ in crore)

Particulars	Total	Floating rate	Fixed rate	Non-interest bearing
<b>As at March 31, 2021</b>				
Financials assets	22,849	8,191	14,041	617
Financial liabilities	9,997	1,500	5,701	2,796
<b>As at March 31, 2020</b>				
Financials assets	22,709	10,047	12,185	477
Financial liabilities	3,608	-	715	2,893

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rate. The Company does not have floating interest rate borrowing during the year ended March 31, 2021 & March 31, 2020 and it is not significantly exposed to interest rate risk.

Considering the net investment position as at March 31, 2021 and the investment in bank deposits, bonds and debt mutual funds, any increase in interest rates would result in a net increase and any decrease in interest rates would result in a net decrease. The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date.

The below analysis gives the impact of a 0.5% to 2.0% change in interest rates on floating rate financial assets/liabilities (net) on profit/(loss) and equity and represents management's assessment of the possible change in interest rates.

The impact of change (increase/(decrease)) in interest rate of 0.5%, 1.0% and 2.0% on profits for the period ended March 31, 2021 is ₹ 33 crore, ₹ 67 crore and ₹ 134 crore and for year ended March 31, 2020 is ₹ 50 crore, ₹ 100 crore and ₹ 201 crore respectively.

# Notes to the Financial Statements

for the year ended March 31, 2021

## d. Counterparty and concentration of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company is exposed to credit risk for receivables, cash and cash equivalents, short-term investments and derivative financial instruments. Credit risk on receivables is limited as almost all credit sales are against letters of credit and guarantees of banks of good financial repute.

Moreover, given the nature of the Company's business, trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of revenue on a % basis in any of the years indicated. The history of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, the Company does not expect any material risk on account of non-performance by any of the Company's counterparties.

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes and bonds.

The carrying value of the financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk as at March 31, 2021 and March 31, 2020 are ₹ 22,849 crore and ₹ 22,709 crore respectively.

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at March 31, 2021, that defaults in payment obligations will occur.

Of the year end trade receivables, loans and other financial assets, following balances were past due but not impaired as at March 31, 2021 and March 31, 2020:

Particulars	(₹ in crore)	
	As at March 31, 2021	As at March 31, 2020
Neither impaired nor past due	275	315
Past due but not impaired		
Less than 1 month	145	13
Between 1-3 months	32	90
Between 3-12 months	39	21
Greater than 12 months	25	16
<b>Total</b>	<b>516</b>	<b>455</b>

Receivables are deemed to be past due or impaired with Reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

The credit quality of the Company's customers is monitored on an on-going basis and assessed for impairment where indicators of such impairment exist. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms.

## Derivative financial instruments

The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. The Company does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and these are subject to the Company guidelines and policies.

# Notes to the Financial Statements

for the year ended March 31, 2021

All derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value based on quotations obtained from financial institutions or brokers. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current assets and liabilities. Derivatives that are designated as hedges are classified as current depending on the maturity of the derivative.

The use of derivatives can give rise to credit and market risk. The Company tries to manage credit risk by entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

## Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts and marked-to-market when their risks and characteristics are not clearly and closely related to those of their host contracts and the host contracts are not fair valued.

## Cash flow hedges

The Company also enters into commodity price contracts for hedging highly probable future forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognized in equity until the hedged transaction occurs, at which time, the respective gains or losses are reclassified to the Statement of Profit and Loss.

## Fair value hedges

The fair value hedges relate to commodity price risks and foreign currency exposure. The Company's sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer's facility. The Company enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions are substantially offset by the amount of gains or losses on the underlying sales. There were no fair value hedges for the period ended March 31, 2021.

## Non-qualifying/economic hedges

Non-qualifying hedges related to commodity price risks and foreign currency exposure. The Company's sales are on a quotational period basis, generally one month after the date of delivery at a customer's facility. The Company enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. The Company enters into forward foreign currency contracts and commodity contracts (for the period ended March 31, 2021) which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Fair value changes on such forward contracts are recognized in the Statement of Profit and Loss.

The fair value of the Company's derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows:

Derivative financial instruments	(₹ in crore)			
	As at March 31, 2021		As at March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
<b>Current</b>				
<b>Non - qualifying hedges</b>				
Commodity contracts	-	1	-	20
Forward foreign currency contracts	2	3	4	16
<b>Total</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>36</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

- 34. A.** The following are the outstanding forward exchange contracts entered into by the Company and outstanding as at year end

(In crore)

Currency	Foreign currency	Indian Rupees	Buy / Sell	Cross Currency
<b>As at March 31, 2021</b>				
USD	14	1,051	Buy	INR
EUR	0	25	Buy	INR
GBP	0	0	Buy	INR
AUD	0	1	Buy	INR
EUR	1	90	Buy	USD
USD	27	18	Buy	JPY
AUD	0	14	Buy	USD
GBP	0	24	Buy	USD

(In crore)

Currency	Foreign currency	Indian Rupees	Buy / Sell	Cross Currency
<b>As at March 31, 2020</b>				
AUD	0	5	Buy	INR
EUR	0	28	Buy	INR
GBP	0	2	Buy	INR
USD	16	1,163	Buy	INR
AUD	1	51	Buy	USD
EUR	5	383	Buy	USD
GBP	0	5	Buy	USD
SEK	2	12	Buy	USD
ZAR	2	7	Buy	USD

- B.** The following are the outstanding position of commodity hedging open contracts as at March 31, 2021 :-

Zinc forwards/futures (sale)/buy for (12,841) MT (2020: 2,150 MT)

Lead forwards/futures (sale)/buy for (925) MT (2020: 10,400 MT)

Silver forwards/futures (sale)/buy for Nil Oz (2020: 854,960 Oz)

- C.** All derivative and financial instruments acquired by the Company are for hedging purposes.

- D.** Unhedged foreign currency exposure

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Debtors	160	276
Creditors	109	115



# Notes to the Financial Statements

for the year ended March 31, 2021

## 36. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to safeguard, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of internal accruals, equity and short term borrowings. The Company monitors capital on the basis of net debt to equity. Equity comprises all components including other components of equity. The Company is not subject to any externally imposed capital requirement.

(₹ in crore)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>Equity</b>	<b>32,313</b>	<b>40,310</b>
Cash and cash equivalents (See Note 11)	313	1,878
Short term investments (See Note 9)	12,957	20,329
Total cash (a)	13,270	22,207
Total debt (b)	7,177	611
<b>Net debt (c = (b-a))</b>	<b>-</b>	<b>-</b>
Total equity (equity + net debt) (See Statement of changes in Equity)	32,313	40,310
<b>Net debt to equity ratio (gearing ratio)</b>	<b>-</b>	<b>-</b>

## 37. RELATED PARTY

### a. List of related parties:

#### Particulars

#### (i) Holding Companies:

- Vedanta Limited (Immediate Holding Company)
- Vedanta Resources Limited (Intermediate Holding Company)
- Volcan Investments Limited (Ultimate Holding Company)

#### (ii) Fellow Subsidiaries (with whom transactions have taken place):

- Bharat Aluminium Company Limited
- Sterlite Power Transmission Limited
- Talwandi Sabo Power Limited
- Electrosteels Steel Limited
- Konkola Copper Mines Plc.\*
- Fujairah Gold FZC
- Black Mountain Mining (Pty) Limited
- Vizag General Cargo Berth Private Limited
- Ferro Alloys Corporation Limited

#### (iii) Related Party having a Significant Influence

- Government of India - President of India

#### (iv) Other related party

- Vedanta Foundation
- Madanpur South Coal Company Limited (jointly controlled entity)
- Minova Runaya Private Limited
- Hindustan Zinc Limited Employee's Contributory Provident Fund Trust
- Hindustan Zinc Limited Employee's Group Gratuity Trust
- Hindustan Zinc Limited Superannuation Trust

\* While Vedanta Resources Limited holds majority shares in Konkola Copper Mines Plc, it has lost its control over this entity as a provisional liquidator has been appointed for this entity and the matter is under litigation.

# Notes to the Financial Statements

for the year ended March 31, 2021

## b. Transactions with Key management Personnel:

Compensation of key management personnel of the Company recognised as expense during the reporting period

Nature of transactions	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Short-term employee benefits <sup>(1)</sup>	7	9
Sitting fee and commission to directors	1	1
<b>Total compensation paid to key management personnel</b>	<b>8</b>	<b>10</b>

<sup>(1)</sup> Excludes gratuity and compensated absences as these are recorded in the books of accounts on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

## c. Transactions with Government having significant influence:

Central government of India holds 29.54% shares in HZL. During the year, Company has availed incentives in the form of export incentive under Export promotion and credit guarantee scheme announced by the Government of India. Also, HZL has transactions with other government related entities (Public sector undertakings) including but not limited to sales and purchase of goods and ancillary materials, rendering and receiving services and use of public utilities.

## d. Transactions with Related Parties:

The details of the related party transactions entered into by the Company, for the period ended March 31, 2021 and March 31, 2020 are as follows

Nature of transactions	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Sale of Goods</b>		
Sterlite Power Transmission Ltd	1	2
Bharat Aluminium Company Limited	1	-
Fujairah Gold FZC	54	14
<b>Total</b>	<b>56</b>	<b>16</b>

Nature of transactions	(₹ in crore)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Sale of other services</b>		
Vedanta Limited	4	0
<b>Total</b>	<b>4</b>	<b>0</b>
<b>Purchase of property, plant and equipment</b>		
Vedanta Limited	-	0
<b>Total</b>	<b>-</b>	<b>0</b>
<b>Sale of property, plant and equipment</b>		
Vedanta Limited	1	-
Fellow Subsidiaries	0	-
<b>Total</b>	<b>1</b>	<b>-</b>
<b>Purchase of Goods</b>		
Vedanta Limited	46	11
Bharat Aluminium Company Limited	29	18
Minova Runaya Private Limited	26	-
Electrosteel Steels Limited	0	-
<b>Total</b>	<b>101</b>	<b>29</b>

# Notes to the Financial Statements

for the year ended March 31, 2021

(₹ in crore)

Nature of transactions	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Purchase of tax-free PSU Bonds</b>		
Vedanta Limited	1,407	-
	<b>1,407</b>	-
<b>Dividend</b>		
Vedanta Limited	10,369	-
Government of India	4,717	-
<b>Total</b>	<b>15,086</b>	-
<b>Other Expenses and other reimbursements</b>		
Vedanta Limited	27	68
Fellow Subsidiaries	(14)	(0)
	<b>13</b>	<b>68</b>
<b>Donations</b>		
Vedanta Foundation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Contribution to :</b>		
Hindustan Zinc Limited Employee's Contributory Provident Fund Trust	31	31
Hindustan Zinc Limited Employee's Group Gratuity Trust	0	54
Hindustan Zinc Limited Superannuation Trust	3	3
<b>Total</b>	<b>34</b>	<b>88</b>

All the transactions entered by the Company with the related parties are at arm's length price.

The balances receivable/payable as at year end:

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Receivable From</b>		
Konkola Copper Mines Plc.	0	0
Vedanta Limited	49	15
Fujairah Gold FZC	31	5
Electrosteel Steels Limited	0	-
Black Mountain Mining (PTY) Limited	0	0
Ferro Alloys Corporation Limited	0	-
Vizag General Cargo Berth Limited	0	-
<b>Total</b>	<b>80</b>	<b>20</b>
<b>Payable To</b>		
Bharat Aluminium Company Limited	4	6
Vedanta Limited	25	1
Minova Runaya Private Limited	7	-
Sterlite Power Transmission Limited	0	0
Hindustan Zinc Limited Employee's Contributory Provident Fund Trust	8	10
Hindustan Zinc Limited Employee's Group Gratuity Trust	55	35
Hindustan Zinc Limited Superannuation Trust	0	0
Sitting fee and commission to directors	1	1
<b>Total</b>	<b>100</b>	<b>53</b>

e. Related party transactions & balances of "0" represents value less than ₹ 0.50 crore

# Notes to the Financial Statements

for the year ended March 31, 2021

**37.** Previous year figures have been regrouped/reclassified where ever necessary, to conform to those of the current year presentation.

See accompanying notes to financial statements.

As per our report on even date

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No.: 301003E/E300005

per **Sudhir Soni**

Partner

ICAI Membership No.: 41870

Date: April 27, 2021

Place: Mumbai

For and on behalf of the Board of Directors

**Arun Misra**

CEO & Whole-time Director

DIN: 01835605

**R. Pandwal**

Company Secretary

ICSI Membership No.: A9377

Date: April 27, 2021

Place: Udaipur

**Anjani Kumar Agrawal**

Director

DIN: 08579812

Place: Mumbai



# Glossary

\$	US Dollar
<IR>	Integrated Reporting
AED	Automatic External Defibrillators
ADR	American Depository Receipts
Ag	Silver
ATV/OTV	Acoustic Televiewer/Optical Televiewer
BEV	Battery Electric Vehicle
BSE	Bombay Stock Exchange
CAGR	Compound Annual Growth Rate
CAPA	Corrective and Preventive Action
CAPEX	Capital Expenditure
CDP	Carbon Disclosure Project
CGG	Continuous Galvanizing Grade
CII	Confederation of Indian Industry
CLZS	Chanderiya Lead-Zinc Smelter
CoC	Cost of Capital
COSP	Coarse Ore Stock Pile
CPP	Captive Power Plant
CPR	Cardiopulmonary Resuscitation
CWP	Cooling Water Pump
D&I	Diversity & Inclusion
DG	Diesel Generator
DJSI	Dow Jones Sustainability Indices
DMAIC	Define, Measure, Analyze, Improve, Control
DSC	Dariba Smelting Complex
DZS	Debari Zinc Smelter
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EOHS	Environment, Occupational Health and Safety
EOI	Expression of Interest
EPG	Electroplating Grade
EVA	Economic Value Added
ExCO	Executive Committee
FCPA	Foreign Corrupt Practices Act
FGD	Flue Gas Desulfurization
FLBHEM	Focused Loop Borehole Electromagnetic Survey
FY	Financial Year
Gms	Grams
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GST	Goods and Services Tax
HEMM	Heavy Earth Moving Machinery

HIPO	High Potential Incident
HSD	High Speed Diesel
HZDA	Hindustan Zinc Die-Casting Alloy
ICMM	International Council on Mining and Metals
ICQCC	International Convention on Quality Control Circles
IFC	International Finance Corporation
IH	Industrial Hygiene
IIRC	International Integrated Reporting Council
IISc	Indian Institute of Science
InSAR	Interferometric Synthetic Aperture Radar
IRR	Internal Rate of Returns
IT	Information Technology
IVRS	Interactive Voice Response System
IZA	International Zinc Association
KPI	Key Performance Indicators
KRA	Key Results Area
kt	Kiloton
kV	Kilovolt
kWh	Kilowatt-Hour
LBMA	London Bullion Market Association
LME	London Metal Exchange
LOM	Life-of-Mine
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate
MDD	Motorized Directional Drilling
MEMC	Mines Environment and Mineral Conservation
MGJ	Megajoule
MIC	Metal in Concentrate
MLD	Million Liters per day
mn	Million
MT	Tons
Mt	Million Tons
Moz	Million Ounces
mRL	Meters Relative Level
MSME	Micro, Small and Medium Enterprises
MTI	Medical Treatment Incident
Mtpa	Million Tons Per Annum
MW	Megawatt
NEV	New Energy Vehicles
NNL	No Net Loss
NOPAT	Net Operating Profit After Taxes
NPG	Net Positive Gain
NSE	National Stock Exchange
NYSE	New York Stock Exchange
OECD	Organization for Economic Co-operation and Development
PAT	Profit After Tax

PAT	Potassium Antimony Tartrate
Pb	Lead
QCFI	Quality Circle Forum of India
R&R	Reserves and Resources
RAM	Rampura Agucha Mine
RDM	Rajpura Dariba Mine
RO	Reverse Osmosis
ROCE	Return on Capital Employed
S&P	Standard and Poor
SDG	Sustainable Development Goal
SEBI	Securities and Exchange Board of India
SiMM	Singapore Institute of Materials Management
SKM	Sindesar Khurd Mine
SOP	Standard Operating Procedure
SOx	Sulphur Oxide
STP	Sewage Treatment Plant
t	Ton
tCO <sub>2</sub> e	Tons of Carbon Dioxide Equivalent
TMC	Total Metal Content
TPA	Tons Per Annum
troz	Troy Ounce
TSP	Tunnel Seismic Profiling
TSF	Tailings Storage Facility
UG	Underground
VAP	Value Added Product
VSAP	Vedanta Sustainability Assurance Programme
WHRB	Waste Heat Recovery Boiler
XRF	X-ray Fluorescence
Y-o-Y	Year-on-Year
ZM	Zawar Mining Complex / Zawar Mines
Zn	Zinc



**HINDUSTAN ZINC**

Zinc & Silver of India

**HINDUSTAN ZINC LIMITED**

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