

## 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**



