

Board's Report

Dear Members,

The Directors are pleased to inform that Hindustan Zinc delivered good performance from all mines, completed major mining and sustainability projects and continued to improve on its performance of various ESG metrics. The Company's operations were halted from March 22, 2020 on account of nationwide lockdown to combat COVID-19. The operations were gradually restarted in the first week of April and all mines and smelters were operational by the third week of April.

The year in summary

Mine production progressively improved during the year with strong ore production growth at Rampura Agucha and Zawar and steady production at Sindesar Khurd while Kayad and Rajpura Dariba mines operated at capacity. This led to a record ore production of 14.5 million tonnes in spite of disruptions related to COVID-19 towards the end of the year.

Mined metal production was 917kt, lower by 2% due to lower ore grades and shutdown in March due to COVID-19. Zinc production declined marginally from a year ago at 688kt while lead and silver were lower due to temporary operational issues at Dariba Lead smelter and lower silver grades.

Major projects were completed including Rampura Agucha production shaft while Sindesar Khurd production shaft was ramped up post its commissioning towards the end of FY 2019. The first dry tailing plant was commissioned in Zawar while the fumer project at Chanderiya and two paste fill/hydrofill plants in Zawar are ready for commissioning.

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 Company's operations were halted from March 22 and most employees were encouraged to work from home barring some employees who attended the call for duty to keep production assets safe including critical care & maintenance. To ensure business continuity, a committee COVID-19 Response 'War Room' was created to identify and implement critical business decisions to restart mines & plants in a safe manner and ramp-up while ensuring restoration of supply-chain.

We also engaged the SHG women in our communities to stitch and distribute cloth masks

among the villagers, police and administration officials. Our teams worked with civil administration to ensure food grains reach vulnerable sections of the society. We also contributed ₹101 Crore to PM Cares fund in April 2020.

I. HEALTH, SAFETY AND ENVIRONMENT

Occupational Health & Safety

Health & Safety Performance

LTIFR for the year was 1.38 as compared to 0.63 a year ago. In the reporting year, enhanced leadership focus on incident reporting, incident categorisation & incident investigation has resulted in increase in lost time injuries. There has been greater management 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.

We are deeply saddened to report two fatalities in Sindesar Khurd mine and Fumer project site in Chanderiya during the year. We have carried out detailed investigations of the incidents to learn and to horizontally deploy the learnings across the Company to prevent reoccurrence.

Key safety initiatives undertaken during the year include Project Ru-ba-ru for business partner competency assessment with respect to manning, skill, qualifications, experience and gaps in their organisation; "I Support Aarohan" wherein all employees undertake individual safety projects every quarter to improve safety of their work area; roll-out of new safety standards for molten metal and ground control management; technology enabled safety initiatives to reduce man-machine interactions & UG fire hazards; conducted Safety Perception Survey to enhance implementation effectiveness.

ENVIRONMENT

During the reporting year, waste recycling rose to 31% compared to 28% in FY 2019, and water recycling rate was 39% (FY 2019: 36%). We have been certified as 2.41 times water positive company which means that we add 2.41 times more water than we use for our operations.

During the year, India's first dry tailing plant was commissioned at Zawar Mine to reduce fresh water consumption by enhancing recovery of process water up to 90%, improving tailing dam structural stability and reducing water footprint.

For effective metal recovery, a second ancillary plant was completed for treatment of process residues at Chanderiya Lead-Zinc Smelter and a project to recover sodium sulphate crystal from RO Reject was commissioned at Dariba Zinc Smelter.

During the year, we saw increased utilisation of waste such as Jarosite, Jarofix, slag and fly ash in cement manufacturing and road construction as well as tailings in back-filling of voids in mines.

Under 'beyond the fence' initiatives for water management, 15 MLD of Sewage Treatment Plant capacity is under commissioning in Udaipur city, which will take the total to 60 MLD. Additionally, the Company undertook pond deepening at Rajpura Dariba complex and Fatehsagar lake at Udaipur.

As part of commitment towards biodiversity conservation, the Company is now a member of IUCN 'Leader for Nature India' initiative.

Our sustainability activities received several endorsements during the year including the CII-ITC Sustainability Award for Corporate Environment as well as Best Environmental Sustainability Award in the category of National Awards for 'Excellence in CSR and Sustainability' by World CSR Day. Hindustan Zinc's sustainability performance was ranked No. 5th in the Dow Jones Sustainability Index (Metal and Mining) globally, and No. 1 in Asia Pacific region and also selected as constituent of FTSE4Good Index series and S&P Sustainability year book for the third consecutive year. The Company was also declared as 'Disclosure Champion' in Asia Disclosure Index by FTI Consulting and is among Top 5 companies in India.

II. OPERATIONAL PERFORMANCE

Production performance

Production (kt)	FY 2020	FY 2019	% change
Total mined metal	917	936	-2%
Refinery metal production	870	894	-3%
Refined zinc - integrated	688	696	-1%
Refined lead - integrated ¹	181	198	(8%)
Production - silver (in tonnes) ²	610	679	(10%)

1. Excluding captive consumption of 7,088 tonnes in FY 2020 vs. 6,534 tonnes in FY 2019.

2. Excluding captive consumption of 36.7 tonnes in FY 2020 vs. 34.2 tonnes in FY 2019.

Production

In FY 2020, ore production was up 5% y-o-y to 14.5 million MT on account of strong production growth at Rampura Agucha and Zawar mines, which were up 18% and 14% respectively. The impact of operations shut-down related to COVID-19 on ore production was an estimated 0.5 million MT. Mined metal production for FY 2020 was 917kt compared to 936kt in the prior year on account of COVID-19 related lockdown and low grades at Sindesar Khurd in H1 and Kayad mines.

Integrated metal production was down 3% to 870kt and silver production was lower by 10% to 610 MT due to COVID-19 related lockdown, lower lead production in Q2 & Q3 due to temporary operational issues and lower silver grades.

The Company generated 3,880 million units of thermal based power in FY 2020 as compared to 3,961 million units in FY 2019. Total green power generation was 609.35 million units as compared to 451 million units in FY 2019.

Sales

The refined zinc metal sales in the domestic market during the year was 486kt, while export sales accounted for 194kt as compared to 513kt and 181kt respectively a year ago. The aggregate sales were lower by 2% than previous year, in line with production. Lead metal sales in the domestic market were 157kt, while export sales were 23kt leading to lower aggregate sales of 9% from a year ago, in line with the decrease in lead metal production during the year. Silver sales were 586 MT in FY 2020, all in the domestic market and 13% lower than previous year.

Board's Report continued

III. FINANCIAL PERFORMANCE

We share with you our 54th Annual Report, together with the Audited Financial Statements for the year ended March 31, 2020.

Financial Information

Particulars	(₹ in Crore)	
	FY 2020	FY 2019
Revenue from operations	18,561	21,118
Other Income	1,934	1,782
Profit before depreciation, interest and tax	10,781	12,452
Less: Interest	112	113
Less: Depreciation and amortisation expense	2,279	1,883
Profit before tax	8,390	10,456
Less: Net tax expense	1,585	2,500
Net profit	6,805	7,956
Earnings per share, ₹	16.11	18.83

Revenue

The Company reported 'Revenue from operations' including other operating income of ₹18,561 Crore, a decrease of 12% y-o-y primarily on account of an average 12% decline in LME Zinc prices and lower volume, partly offset by higher silver prices and rupee depreciation.

The 'Other income' was ₹1,934 Crore during the year compared to ₹1,782 Crore in the previous year on account of higher treasury income due to a higher investment corpus as well as higher rate of return on account of mark-to-market gains resulting from decline in interest rates.

Production Cost

Zinc's cost of production (COP), excluding royalty for FY 2020 was ₹74,172 (US\$1,047) per tonne, higher by 5% y-o-y (4% in US\$). The COP increase reflects higher mine development expense, higher R&M expense, lower grades and volume, lower acid credits and higher cement prices, partly offset by lower coal costs, lower employee expense and digitisation led operational efficiency. The COP was impacted by higher electricity duty on captive power plants from ₹0.40 to ₹0.60 per unit starting July 2019.

Operating margin

The above revenue and production cost resulted in profit before depreciation, interest and tax (PBDIT) of ₹10,781 Crore in FY 2020, down 13% on account of lower revenue and higher cost of production.

Net profit

Net profit was ₹6,805 Crore, down 14% on account of lower PBDIT and higher D&A expense

partly offset lower tax rate due to one-time deferred tax reversal. Tax rate for the year was 18.9% as compared to 23.9% as in the previous year. The lower tax rate is on account of reversal of deferred tax liabilities related to prior years, amounting to ₹365 Crore pursuant to Company's expectation of moving to a lower tax regime under Section 115BBA of the Income Tax Act, 1961. Excluding this one-time reversal, the effective tax rate for the year was 23.2%.

Earnings Per Share (EPS)

The EPS for the year was ₹16.11 per share as compared to ₹18.83 per share in FY 2019.

Dividend

Interim dividend of 825%, i.e. ₹16.50 per share on equity share of ₹2 each amounting to ₹6,972 Crore was declared in May 2020.

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 March 31, 2020, the Company's cash and cash equivalents was ₹21,596 Crore as compared to ₹16,952 Crore at the end of FY 2019 and is invested in high quality debt instruments and the portfolio continues to be rated "Tier -1" implying Highest Safety by CRISIL.

Cash Flows

(₹ in Crore)

Particulars	FY 2020	FY 2019
Opening Cash*	19,490	20,395
Add: EBITDA**	8,849	10,747
Add: Net Interest Income	1,722	1,552
Less: Income Tax & Dividend	1,135	14,518
Less: Capital Account Payments	3,637	3,400
(Increase)/Decrease in Working Capital & Others	(3,082)	4,714
Closing Cash*	22,207	19,490

(*) Includes Cash & Equivalents (refer Note 11 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 increased from ₹2,054 Crore to ₹2,558 Crore as at March 31, 2020 primarily due to increase of stores inventory. The working capital cycle was 51 days in FY 2020 as compared to 36 days in FY 2019.

Gross Block

The gross block during the year increased from ₹28,096 Crore to ₹32,106 Crore. This was largely due to the ongoing mining projects and other sustaining capex.

Capital Employed

The total capital employed as at March 31, 2020 was ₹18,714 Crore, as compared to ₹16,652 Crore at the end of previous fiscal year mainly due to addition in fixed assets. We have maintained a negative net debt to equity ratio as we are a net cash positive company.

Contribution to the Government Treasury

The Company has contributed ₹9,150 Crore during FY 2020, in terms of royalties and taxes to the Government treasury, aggregating to approximately 49% of the total revenue.

IV. RESERVE & RESOURCE (R&R)

On an exclusive basis, total ore reserves at the end of FY 2020 totalled 114.7 million tonnes and mineral resources totalled 288.3 million tonnes. Total contained metal in Ore Reserves is 7.95 million tonnes of zinc, 2.07 million tonnes of lead and 256.2 million ounces of silver. The Mineral Resource contains 15.87 million tonnes of zinc, 5.93 million tonnes of lead and 641.8 million ounces of silver. At current mining rates, the R&R underpins metal production for more than 25 years.

V. PROJECTS

All major projects to build capacity of 1.2 mtpa mined metal were completed during the year. Capital mine development increased by 12% to 48 km in FY 2020.

At Rampura Agucha, the Shaft project was commissioned along with the associated conveyor and crusher systems and hauling from shaft through ore pass commenced in the final quarter. This will enable an increase in haulage capacity allowing RA UG to achieve production level of over 5 mtpa.

At Sindesar Khurd, shaft is fully integrated with mine and ore hauling was ramped up to capacity. The second paste fill plant was commissioned in June 2019, liberating the mine to operate at full production capacity.

At Zawar, India's first ever dry tail stacking plant was commissioned in the second quarter, significantly reducing water consumption & land requirement and addressing tailing dam risk. Further, the two backfill plants are under load trials and back filling of voids is expected to commence in April 2020. This will improve mine stability and provide an opportunity for pillar mining to remove left-out high-grade ore.

At Rajpura Dariba, the existing production shaft capacity is being upgraded from 0.7 to 1.3 mtpa to debottleneck the mine and erection work commenced. RD mine has received environment clearance for expansion in April 2020 from 1.08 to 2.0 million TPA of ore production and ore beneficiation from 1.2 to 2.5 million TPA.

Board's Report continued

Smelter debottlenecking to expand capacity to 1.123 mtpa was completed during the year to maintain mines/smelter synergies at higher levels of production.

The Fumer plant at Chanderiya is ready for start-up and production is expected to commence during FY 2020-21.

VI. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's CSR passionately focuses on community upliftment in the areas of Education, Sustainable Livelihoods, Women Empowerment, Health & Water, Sports & Culture, Environment and Community Assets Creation.

During the year, the Company spent ₹132 Crore on CSR programmes as compared to ₹130 Crore in previous year. For further details, refer Annexure 5 and 'Business Review' section of this Annual Report.

VII. DIRECTORS

During the year under review, there has been no change in the composition of the Board of directors.

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 Directors hereby confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule 3 to the Act, have been followed and there are no material departures in the same.
- ii. The Directors have selected such accounting policies, 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. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts on a 'Going Concern' basis.
- v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

XI. 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 March 31, 2020. 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 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.

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.

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.

XII. 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.hzlindia.com.

XIII. 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

Sunil Duggal
CEO & Whole-time Director
Place: Udaipur

A. R. Narayanaswamy
Director
Mumbai

Date: May 21, 2020

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 March 31, 2020.

A) CONSERVATION OF ENERGY

Successfully commissioned Variable Frequency Drive (VFD) in induced draft fans in Dariba CPP which resulted in energy savings of 1.2 MU per annum.

B) TECHNOLOGY ABSORPTION

a) Specific areas in which R&D has been carried out by the Company in FY 2020

- Testing of alternate reagents like Silver promoter, Graphite depressant, Cyanide replacement and strong frothers on various ores.
- Minor metal mapping of Mine tailings.
- Exploring Chloride based leaching for low grade bulk concentrates and smelter residues.
- Evaluating techniques to address Graphite challenges arising in ores.
- Studied the impact of Lead re-grinding on lead/silver recovery.
- Development of a novel process to recover metal values from Rampura Agucha Mine tailings.
- Studied the effect of pH on Galena and silver bearing minerals recovery on flotation of Rampura Agucha ore.
- Mineralogical characterisation of various HZL ore samples to predict mesh of grind and its implications for processing.
- Explored Germanium potential in various streams and collaborating with institutes for Germanium recovery.
- Jarosite moisture reduction and sustainable usage in construction sector.
- Zinc Hydro smelter circuit study to improve Copper recovery in cemented cake.
- Explored control leaching and solvent extraction to generate enriched Cobalt cake from purification cake.
- A sustainable anode mud leaching process has been developed to maintain optimum Manganese level at Zinc hydro smelter and recover lead silver values.
- Developed process to generate Zinc sulphate crystals from Zinc dross.

b) Benefits derived as result of above R&D

- Trials of new silver promoter resulted in improved Silver recovery at Zawar. Trials in progress at SK mines.

- Mineralogical characterisation and liberation assessment helped in identifying reasons for misplacement and metal losses in tailings, there by suggesting opportunities for improvement.
- Enhanced mine to metal recovery by exploring unconventional leaching technologies for smelter residues and low grade concentrate.
- Improvement in Lead recovery by 2% and reduction in Zinc misplacement in lead concentrate by lead middlings regrinding.
- Improved realisation from by-products by grade enhancement.
- Tapping minor metal potential in existing streams.
- Enhanced realisation from Value added products.
- Sustainable usage of Jarosite and other wastes.

c) Future projects for R&D in FY 2021

- Geometallurgical characterisation and representative metallurgical sampling.
- Characterisation of ore and various process stream samples using advanced automated mineralogy and its implications for processing.
- Effect of deleterious ion concentration in copper sulfate on sphalerite flotation recovery.
- Improve Lead-Silver recovery by enhanced Hydro cyclone efficiency, Flash Flotation, Gravity Concentration and screens.
- Use of Digital infrastructure for Data based modelling and Predictive Analytics.
- Process development for Minor metal recovery from Mine tailings and Smelter residues.
- Pilot scale testing for Chloride based leaching to enhance overall metal recovery and provide opportunity for minor metal extraction.
- Explore alternate cost-effective reagents for lime in Jarofix and effluent treatment.
- Pilot plant operation for Vanadium recovery from spent catalyst and zinc sulphate crystal generation from zinc dross.
- Reduction of Zinc dust consumption in Hydro smelters.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, foreign exchange outgo was ₹1,683 Crore (which includes import of capital goods, stores & spares, coal, consumables, consultancy, travelling etc.), while foreign exchange earned was ₹3,668 Crore.

FORM A
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

(₹ in Crore)

Particulars	Unit	Year ended March 31, 2020	Year ended March 31, 2019
A Electricity, Power Generation & Fuel consumption			
Purchase Units	Million Kwh	296	206
Total Amount	₹ Cr	240.85	172.90
Average rate of purchasing	₹/kwh	8.13	8.39
CPP – Units generated from fuel oil			
Own Generation Units (From Fuel Oil)	Million Kwh	0	0
Quantity Consumed			
LSHS/FO	MT	0	0
HSD	KL	496	493
Total Amount	₹ Cr	3.68	2.93
Average cost of fuel per Kg	₹/kg	90.34	72.45
Average cost of generation	₹/kwh	106.42	102.95
Unit generated per unit of fuel (LSHS/FO/HSD)	kwh/kg	0.85	0.70
CPP – Units generated from Coal			
Own Generation Units (From Coal)	Million Kwh	3,560	3,633
Quantity Consumed			
Coal	MT	17,22,384	17,42,116
LDO	KL	366	300
Total Amount	₹ Cr	1,290.51	1,456.34
Average cost per Kg (Coal)	₹/kg	7.49	8.36
Average cost per Kg (LDO)	₹/kg	45.69	56.93
Average cost of generation	₹/kwh	4.47	4.65
Unit generated per unit of fuel (Coal)	kwh/kg	2.25	2.27
B) Fuel consumption for Metal Production			
(a) L.P.G./Propane			
Quantity	Million Kg	3.10	3.70
Total Amount	₹ Cr	12.70	17.27
Average cost per Kg	₹/Kg	40.98	46.69
(b) L.D.O./ LSHS/ FO			
Quantity	KL	19,577	29,612
Total Amount	₹ Cr	84.02	146.06
Average cost per Ltr	₹/Ltr	42.92	49.32
(c) HSD			
Quantity	KLtr	52,969	55,209
Total Amount	₹ Cr	310.21	323.79
Average cost per Ltr	₹/Ltr	58.56	58.65
(d) Coal for Steam & Others			
Quantity	MT	23,895	26,250
Total Amount	₹ Cr	18.28	22.61
Average cost per MT	₹/MT	7,649	8,612
(e) Met Coke & Coke breeze			
Quantity	MT	84,078	99,819
Total Amount	₹ Cr	239.05	277.37
Average cost per MT	₹/MT	28,432	27,787
(f) GAS, PNG, PROCESS, GAS			
Quantity	M3	25,18,816	-
Total Amount	₹ Cr	6.8	-
Average cost per MT	₹/M3	26.9	-

Annexure 1 continued

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 March 31, 2020.

For **Hindustan Zinc Limited**

Sunil Duggal

CEO & Whole-time Director

Place: Udaipur

Date: May 21, 2020

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended March 31, 2020

To,
The Members,
Hindustan Zinc Limited
Yashad Bhavan,
Yashadgarh,
Udaipur, Rajasthan - 313 004

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 authorised 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 March 31, 2020 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 March 31, 2020 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
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
 - (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
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable

(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) Composition of Nomination and Remuneration committee was not in compliance in terms of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirement), Regulations, 2015. The committee fall short by one Non-executive Member during the period started from February 23, 2019 till 02.05.2019 due to resignation of one of the Non-executive Director with effect from February 23, 2019. Thereafter, BSE Limited and National Stock Exchange (NSE) each, has imposed a fine of ₹87,320/- (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 under protest and company also issued letters to the stock exchanges that there was no non-compliance of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirement), Regulations, 2015, as during the above said period no meeting of the NRC was held and the vacancy created due to resignation of the NRC member was filled immediately in the next Board meeting of the Company, on which the replies from the stock exchanges are still awaited.

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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company falls short by two Independent Directors (including one woman Independent Director). BSE Limited and National Stock Exchange (NSE) each, has imposed a fine of ₹18,05,400/- (inclusive of GST @ 18%) for the same. 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, no 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.

For **Chandrasekaran Associates**
Company Secretaries

Shashikant Tiwari
Partner
Membership No. A28994
Certificate of Practice No. 13050
UDIN: A028994B000174062

Date: 29.04.2020
Place: Delhi

Notes:

- (i) 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.
- (ii) 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.
- (iii) This Report is limited to the Statutory Compliances on laws/ regulations/ guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year 2019-2020. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

ANNEXURE-A

TO SECRETARIAL AUDIT REPORT

To,
The Members,
Hindustan Zinc Limited
Yashad Bhavan,
Yashadgarh,
Udaipur, Rajasthan - 313 004

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 Account 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: A028994B000174062

Date: 29.04.2020

Place: Delhi

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

- | | |
|--|--|
| <p>1. Details of contracts or arrangements or transactions not at arm's length basis: NIL</p> <p>(a) Name(s) of the related party and nature of relationship</p> <p>(b) Nature of the contracts/ arrangements/ transactions</p> <p>(c) Duration of the contracts/ arrangements/ transactions</p> <p>(d) Salient terms of the contracts or arrangements or transactions including value, if any</p> <p>(e) Justification for entering into such contracts or arrangements or transactions</p> <p>(f) Date(s) of approval by the Board</p> <p>(g) Amount paid as advances, if any</p> <p>(h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188.</p> | <p>2. Details of the material contracts or arrangements or transactions at arm's length basis: NIL</p> <p>(a) Name(s) of the related party and nature of relationship</p> <p>(b) Nature of contracts/ arrangements/ transactions</p> <p>(c) Duration of the contracts/ arrangements/ transactions</p> <p>(d) Salient terms of the contracts or arrangements or transactions including the value, if any</p> <p>(e) Date(s) of approval by the Board</p> <p>(f) Amount paid as advances, if any.</p> |
|--|--|

For and on behalf of the Board of Directors

Sunil Duggal
CEO & Whole-time Director
Place: Udaipur

Date: May 21, 2020

A. R. Narayanaswamy
Director
Mumbai

Note: In item 2, material is defined as greater than 10% of the turnover.

Annexure 3

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L27204RJ1966PLC001208
- ii) Registration Date : January 10, 1966
- iii) Name of the Company : Hindustan Zinc Limited
- iv) Category / Sub-Category of the Company : Public Limited Company
- v) Address of the Registered office and contact details : Yashad Bhawan, Udaipur - 313 004 (Rajasthan)
E-mail ID: hzl.cosecy@vedanta.co.in
Phone No.: 0294-6604000
- vi) Whether listed company Yes / No : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: - : Kfin Technologies Private Limited
(Formerly known as Karvy Fintech Private Limited)
Karvy Selenium Tower B, Plot Nos. 31 & 32
Financial District Nanakramguda, Serilingampally Mandal
Hyderabad - 500 032 | India
Phone No.: +91 40 67161591

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

- Mining and Smelting of Non-Ferrous metals (Zinc, Lead, Silver).
- Wind energy

All the business activities contributing 10% or more of the total turnover of the Company shall be stated: -

Sl. No.	Name and Description of main products / services	NIC Code of the product/ service	% to total turnover of the Company
1	Zinc	27204	69%
2	Lead	27209	15%
3	Silver	27205	13%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN /GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Vedanta Limited	L13209GA1965PLC00044	HOLDING	64.92%	2 (46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)
(i) Category-wise Share Holding

Particulars	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year	
	Demat	Physical	Total	Demat	Physical	Total		
A. Promoters								
(1) Indian								
(a) Individual/ HUF	-	-	-	-	-	-	-	
(b) Central Government	-	-	-	-	-	-	-	
(c) State Government(s)	-	-	-	-	-	-	-	
(d) Bodies Corp. - Vedanta Limited	2743154310	0	2743154310	2743154310	0	2743154310	64.92	
(e) Banks/ FI	-	-	-	-	-	-	-	
(f) Any Other	-	-	-	-	-	-	-	
Sub-Total (A) (1)	2743154310	0	2743154310	2743154310	0	2743154310	64.92	
(2) Foreign								
(a) NRIs - Individuals	-	-	-	-	-	-	-	
(b) Other Individuals	-	-	-	-	-	-	-	
(c) Bodies Corp.	-	-	-	-	-	-	-	
(d) Banks/ FI	-	-	-	-	-	-	-	
(e) Any Other	-	-	-	-	-	-	-	
Sub-Total (A)(2)	-	-	-	-	-	-	-	
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	2743154310	0	2743154310	2743154310	0	2743154310	64.92	
B. Public shareholding								
1. Institutions								
(a) Mutual Funds/ UTI	13031140	265000	13296140	0.31	17046123	265000	17311123	0.41
(b) Financial Institutions/ Banks	2060017	45000	2105017	0.05	1233038	45000	1278038	0.03
(c) Central Government/ State Government(s)	1247950590	0	1247950590	29.54	1247950590	0	1247950590	29.54
(d) Venture Capital Funds	-	-	-	-	-	-	-	-
(e) Insurance Companies	87492060	0	87492060	2.07	90654448	0	90654448	2.15
(f) Foreign Institutional Investors	1771758	111000	1882758	0.04	0	111000	111000	0
(g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-
(h) Alternate Investment Funds	-	-	-	-	591000	0	591000	0.01
(i) Any Other (specify)								
(i-i) Central Government	2015181	0	2015181	0.05	2015181	0	2015181	0.05
(i-ii) Clearing Member	41006	0	41006	-	139098	0	139098	0
(i-iii) NBFC	10203	0	10203	-	7828	0	7828	0
(i-iv) HUF	1465708	0	1465708	0.03	2004200	0	2004200	0.05
Sub-Total (B)(1)	1355837663	421000	1356258663	32.10	1361641506	421000	1362062506	32.24
Sub-Total (B)(2)	-	-	-	-	-	-	-	0.14

Annexure 3 continued

Particulars	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Demat	Physical	Total	Demat	Physical	Total	
2. Non-Institutions							
(a) Bodies Corporate	19729167	127000	19856167	19219708	127000	19346708	0.46
(b) Individuals							
(i) Individual shareholders holding nominal share capital up to ₹2 Lakh	39720417	1472866	41193283	48228399	1331250	49559649	1.17
(ii) Individual shareholders holding nominal share capital in excess of ₹2 Lakh	854870	0	854870	1373722	0	1373722	0.03
(c) Any Other (specify)							
(c-i) Trust	86476	0	86476	142650	0	142650	0
(c-ii) NRI	1633165	690000	2323165	2073585	690000	2763585	0.06
(c-iii) NRI Company	-	-	-	-	-	-	-
(c-iv) Foreign Individual	100	0	100	7100	0	7100	-
(c-v) Foreign Corporate Bodies	61591026	0	61591026	41887486	0	41887486	0.99
(c-vi) IEPF	940	0	940	32417	0	32417	0
(c-vii) Qualified Institutional Buyer	-	-	-	4988867	0	4988867	0.12
Sub-Total (B)(2)	123616161	2289866	125906027	117953934	2148250	120102184	2.84
Total Public Shareholding (B) = (B)(1)+(B)(2)	1479453824	2710866	1482164690	1479595440	2569250	1482164690	35.08
C. Shares held by Custodians and against which Depository Receipts have been issued							
GRAND TOTAL (A)+(B)+(C)	4222608134	2710866	4225319000	100	4222749750	4225319000	100
(ii) Shareholding of Promoters							
Sl. No.	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total Shares of the Company	% of Shares Pledge/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledge/ encumbered to total shares	
1	2743154310	64.92	0	2743154310	64.92	0	0
Total	2743154310	64.92	0	2743154310	64.92	0	0

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	2743154310	64.92	2743154310	64.92
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/bonus/sweat equity etc.)	-No Change-	-No Change-	-No Change-	-No Change-
3	At the end of the year	2743154310	64.92	2743154310	64.92

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholder's	Shareholding at the beginning of the year	
		No. of shares	% of total shares of the Company
At the beginning of the year (01.04.2019)			
1	PRESIDENT OF INDIA	1247950590	29.54
2	LIFE INSURANCE CORPORATION OF INDIA	77664024	1.84
3	PTC CABLES PRIVATE LIMITED	11267300	0.27
4	JANUS HENDERSON OVERSEAS FUND	8149485	0.19
5	GENERAL INSURANCE CORPORATION OF INDIA	6000000	0.14
6	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	4345113	0.10
7	INDIA CAPITAL FUND LIMITED	4054000	0.10
8	UTI - EQUITY FUND	3963341	0.09
9	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3744691	0.09
10	JANUS HENDERSON OVERSEAS PORTFOLIO	3692019	0.09
Net Increase/ Decrease in shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)			
1	LIFE INSURANCE CORPORATION OF INDIA	2759514	0.06
2	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	(-) 763635	(-) 0.01
3	INDIA CAPITAL FUND LIMITED	300000	--
4	UTI - EQUITY FUND	(-) 3963341	(-) 0.09
5	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	76446	--
6	HDFC LIFE INSURANCE COMPANY LIMITED	3635840	0.09
Change in holding is due to purchase/ sale of shares			
At the end of the year (or on the date of separation, if separated during the year)(31.03.2020)			
1	PRESIDENT OF INDIA	1247950590	29.54
2	LIFE INSURANCE CORPORATION OF INDIA	80423538	1.90
3	PTC CABLES PRIVATE LIMITED	11267300	0.27
4	JANUS HENDERSON OVERSEAS FUND	8149485	0.19
5	GENERAL INSURANCE CORPORATION OF INDIA	6000000	0.14
6	INDIA CAPITAL FUND LIMITED	4354000	0.10
7	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3821137	0.09
8	JANUS HENDERSON OVERSEAS PORTFOLIO	3692019	0.09
9	HDFC LIFE INSURANCE COMPANY LIMITED	3635840	0.09
10	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	3581478	0.09

Annexure 3 continued

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Arun L. Todarwal, Director				
	At the beginning of the year (01.04.2019) -	2000	-	-	-
	Purchase during the year	-	-	-	-
	At the end of the year	-	-	2000	-
2	Mr. Rajendra Pandwal, Company Secretary				
	At the beginning of the year (01.04.2019) -	25000	-	-	-
	Purchase/Sale during the year	-	-	-	-
	At the end of the year	-	-	25000	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2019)				
i) Principal Amount	0	2000	0	2000
ii) Interest due but not paid		-		-
iii) Interest accrued but not due		-		-
Total (i+ii+iii)	0	2000	0	2000
Change in Indebtedness during the financial year				
· Addition	0	7455		7455
· Reduction	0	8850		8850
Net Change	0	(-)1395		(-)1395
Indebtedness at the end of the financial year (31.03.2020)				
i) Principal Amount	0	605		605
ii) Interest due but not paid		-		-
iii) Interest accrued but not due		1		1
Total (i+ii+iii)	0	606		606

Notes: 1. Interest is paid upfront on CP.

2. Principal amount of CP is shown.

3. On frequent basis overdraft is taken and the same is not included above. As on 31.03.2020 amount of OD outstanding (unsecured) is ₹6.08 Crore.

4. WCDL is included in the above statement and interest accrued but not due pertains to WCDL outstanding as on 31.03.2020.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount (₹)
		Mr. Sunil Duggal	
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	6,16,71,451	6,16,71,451
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961		
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - Others, specify	-	-
5	Others, please specify (ESOP of ultimate Holding Co.)	-	-
	Total (A)	6,16,71,451	6,16,71,451
	Ceiling as per the Act	10% of Profit after tax i.e. ₹680 Crore	

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Director		Total Amount (₹)
		Mr. A. R. Narayanaswamy	Mr. Arun L. Tadarwal	
1	Independent Directors			
	• Fee for attending Board / Committee meetings	5,75,000	4,75,000	10,50,000
	• Commission	15,00,000	15,00,000	30,00,000
	• Others, please specify	-	-	-
	Total (1)	20,75,000	19,75,000	40,50,000
		Mr. Navin Agarwal	Mrs. Kiran Agarwal	
2	Other Non-executive Directors			
	• Fee for attending Board / Committee meetings	2,50,000	2,75,000	5,25,000
	• Commission	15,00,000	25,00,000	40,00,000
	• Others, please specify	-	-	-
	Total (2)	17,50,000	27,75,000	45,25,000
	Total (B)=(1+2)			85,75,000
	Ceiling as per the Act	1% of Profit after tax i.e. ₹68 Crore		

Annexure 3 continued

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD

Sl. No.	Particulars of Remuneration	KEY MANAGERIAL PERSONNEL		
		Company Secretary Mr. R. Pandwal	Chief Financial Officer Mr. Swayam Saurabh	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	81,51,771	1,88,18,739	2,69,70,510
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961			
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- Others, specify	-	-	-
5	Others, please specify (ESOP of ultimate Holding Co.)	-	-	-
	Total	81,51,771	1,88,18,739	2,69,70,510

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

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. Sunil Duggal
Mean	1:46
Median	1:65

- (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. Sunil Duggal	(-) 24
Mr. Swayam Saurabh	52
Mr. R. Pandwal	(-) 26

- (iii) The percentage increase in the median remuneration of employees in the financial year: Mean (-) 16.3%, Median (-) 2.9%
- (iv) The number of permanent employees on the rolls of Company: 4,198 (including 16 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 2018-19.
- (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 2019-20 is 0.13%.
- (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 Capitalisation, ₹ Crore	% Change
March 31, 2019	276.40	18.83	14.68	1,16,788	
March 31, 2020	155.15	16.11	9.63	65556	-43.87

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: (-) 16%
 - Average increase in the remuneration of KMPs: (-) 15%
 - Justification: There is no increase in remuneration. Remuneration is based on the current year's performance, industry trend and overall market situation.

Annexure 4 continued

- (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.

CEO's compensation also considers financial returns (return on assets, equity, invested capital), total shareholder return and volume growth of integrated metal.

Annexure 5

ANNUAL REPORT ON THE CSR ACTIVITIES PURSUANT TO THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES 2014.

A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes	Company's vision on CSR is to enhance the quality of life and the economic well-being of communities around our operations. For detailed policy, please refer our website www.hzlindia.com . For projects please refer to section on CSR under Sustainability (Business Overview section)
The composition of the CSR committee	Mr. A. R. Narayanaswamy - Chairman Ms. Reena Sinha Puri Mr. Sunil Duggal
Average net profit of the Company for last three financial years	₹10,637.8 Crore (PBT, as prescribed)
Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹212.76 Crore
Details of CSR spent during the financial year	
a) Total amount to be spent for the financial year	₹212.76 Crore
b) Amount Spent	₹131.65 Crore
c) Amount unspent, if any	₹81.11 Crore
d) Manner in which the amount spent during the financial year is detailed below	Refer next page
In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reason for not spending the amount in its Board report	We invested ₹131.65 Crore on CSR initiatives this year. As a company we are in the process of rebalancing our project portfolio by replacing the short-term interventions through enhancing our focus on long-term programmes apart from continuing to scale up the current interventions.
A responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance of CSR objectives and policy of the Company	Yes. The CSR Committee of the Company hereby confirm that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company.

Sunil Duggal
CEO & Whole-time Director
Place: Udaipur

Date: May 21, 2020

A. R. Narayanaswamy
Director and Chairman of CSR Committee
Mumbai

Annexure 5 continued

Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered	Project or Programme		Amount Outlay ₹ in Lakh (budget)	Amount Spent (₹ in Lakh)		Cumulative Spend till reporting period (₹ in Lakh)	Amount Spent Direct or implementing agency	Name of Implementing Agency
			Area	Name of District		Direct	Overheads			
1	Vedanta Bal Chetna Anganwadi & Child care Project (KHUSHI Project)	Education	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara & Ajmer	2,277	1,733	0	6,921	Implementing Agency	Seva mandir, Jatan Sansthan, CARE India, Gramin Evam Samajik Vikas Sanstha, Institute of Financial Management & Research
2	Brownfield & Greenfield Nandghar	Education	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara & Ajmer	0	146	0	2,383	Direct/Implementing Agency	Jatan Sansthan, Seva Mandir, Gramin Evam Samajik Vikas Sanstha, Care India
3	Shiksha Sambal Project	Education	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	615	606	0	1,633	Implementing Agency	Vidya Bhawan Society, Avanti Learning Centers Pvt. Ltd., Educational Initiatives Pvt. Ltd.
4	Rural education Programme & Company run School	Education	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	2,032	1,254	0	7,936	Direct/Implementing Agency	HZL SUMEDHA, Dean Boy's Fund, Udaipur; Muskaan Dream Creative Foundation, Resonance Eduventures Ltd., Vedanta PG Girls College, Round Table India Trust
5	Jeevan tarang Zinc ke sang	Education	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	250	132	0	350	Implementing Agency	Noida Deaf Society, National Handicapped Finance and Development Corporation, Viklang Kalyan Samiti, Badhir Bal Kalyan Vikas Samiti, Badhit Bal Vikas Samiti, V-Shesh Learning Services Pvt. Ltd.
6	Health, water & Sanitation including company run hospitals	Health, Water & Sanitation	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	2,578	2,104	0	8,304	Direct/Implementing Agency	HZL, Smile Foundation, Jimmedari Foundation, Dainik Bhaskar
7	Hospital Upgradation	Health, Water & Sanitation	Local area	Udaipur	5	0	0	636	Direct	HZL
8	Vocational training for youth (HZL Mining Academy)	Sustainable Livelihood	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	2,227	1,036	0	3,253	Implementing Agency	Skill Council for Mining Sector & Indian Institute Skill Development, Team Lease Skills University, Ambuja Cement Foundation
9	Agriculture Project (SAMADHAN Project)	Sustainable Livelihood	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	782	509	0	1,901	Implementing Agency	BAIF Institute of Sustainable Livelihood Development

Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered	Project or Programme		Amount Spent (₹ in Lakh)	Total	Cumulative Spend till reporting period (₹ in Lakh)	Amount Spent, Direct or implementing agency	Name of Implementing Agency
			1. Local area or otherwise	2. Specify the district					
			Area	Name of District	Direct	Overheads			
10	Animal Husbandary project	Sustainable Livelihood	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara	0	0	284	Direct/Implementing Agency	
11	Women Empowerment (SAKHI Project)	Women Empowerment	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara	1,591	0	1,794	Implementing Agency	Saheli Samiti & Manjari Foundation, Center for Study of Values (COS-V)
12	Rural Infrastructure	Infrastructure Projects	Local/Otherwise	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	4,159	0	8,214	Direct/Implementing Agency	HZL Ashadham Ashram Society, Waterlife India Pvt. Ltd., Toyam Technologies
13	Football Academy	Sports & Culture	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	2,000	0	3,628	Implementing partner	The Football Link, Sanjeev Gupte Architects, Young Monk Communications Pvt. Ltd.
14	Ajmer Dargah - Swatch Bharat Abhiyaan	Sports & Culture	Local area	Ajmer	754	0	440	Implementing partner	Abhimanyu Dalal Architects, Sri Sri Rural Development Programme; N.B. Mercantile Co. Pvt. Ltd.
15	Sports & Culture	Sports & Culture	Local/Otherwise	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	197	0	2,250	Direct/Implementing Agency	HZL, Maharana Kumbha Sangeet Parishad, Seher, Pandit Chaturial Memorial Trust
16	Social Forestry/Environment	Environment	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	839	0	1,102	Direct	HZL, Frontier Markets Consulting Pvt. Ltd., Bath & Tubs
17	Social Audit, Evaluation, CSR Communications, etc	Programme evaluation	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara, Ajmer and Uttarakhand	115	0	239	Direct	HZL, Taru Leading Edge, Subhash Mittal & Associates
18	STP - Maintenance and depreciation	Health, Water & Sanitation	Local area	Udaipur	850	0	5,303	Direct	HZL
19	Programme Management	Programme & Admin	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	580	0	2,406	Direct	HZL, Shrushti Seva Samiti
20	Miscellaneous initiatives		Local area	Udaipur	0	0	1,276	Direct	HZL
Total CSR					21,850	12,704	460	13,165	60,251

Performance Ratios

EBITDA Margin

(%)



Description:

Earnings before interest, tax, depreciation and amortisation (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 amortisation and dividing it by revenue from operations.

Management Statement:

EBITDA margin declined from 51% in FY 2019 to 48% in FY 2020 primarily due to fall in revenue from operations on account of declining LME prices.

Net Profit Margin

(%)



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 was lower due to lower EBITDA, higher depreciation and amortisation expenses partly offset by higher investment income & lower tax rate due to one-time deferred tax reversal.

Return On Capital Employed

(%)



Description:

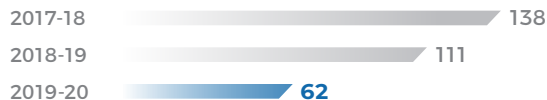
This is calculated on the basis of operating profit net of tax expenses, as a ratio of capital employed. The objective is to earn a post-tax return consistently above the weighted average cost of capital.

Management Statement:

Reduction in ROCE is mainly on account of lower EBITDA.

Debtor Turnover Ratio

(times)



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:

For current financial year, reduction in debtor turnover is on account of lower collections due to COVID-19 situation leading to increased receivables at balance sheet date.

Inventory Turnover Ratio

(times)



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 lower in current year on account of higher inventory levels due to lockdown restrictions arising out of COVID-19.

Current Ratio

(times)



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 higher in current financial year due to repayment of commercial papers in current year.

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)

	2019-20	2018-19	2017-18
Equity	40,310	33,605	35,932
Capital employed	18,714	16,652	15,537
Average capital employed	17,683	16,095	15,139
ECONOMIC VALUE ADDED			
Net operating profit after taxes (NOPAT)	5,408	6,774	8,140
Cost of capital (COC)	2,442	2,504	2,000
Economic Value Added (EVA)	2,966	4,270	6,140
NOPAT/ Average capital employed (%)			
	30.6%	42.1%	53.8%
Weighted average COC (%)			
	13.8%	15.6%	13.2%
EVA/ Average capital employed (%)			
	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 the 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.