vedanta
transforming elements

HINDUSTAN ZINC
Zinc & Silver of India



FIRST INTEGRATED ANNUAL REPORT FY 19 20

SMART MINING FOR A **SUSTAINABLE FUTURE**



Hindustan Zinc: **Quick Facts**



- Among the world's largest and India's only integrated producer of zinc, lead and silver
- Recognised as 'Zinc & Silver of India'
- One of the lowest-cost producers of zinc globally
- Ranked #1 in the Metals and Mining category in Asia Pacific in the Dow Jones Sustainability Index 2019
- Among the top 15 corporate CSR spenders in India

Performance Highlights **FY 2019-20**

₹18,561 CR	₹8,849 CR	₹6,805 CR	₹40,310 CR
Revenue	EBITDA	Profit After Tax	Networth



Smart Mining for **a Sustainable Future**

Smart mining is all about re-imagining the way we work. We have embarked on a holistic digital transformation programme for our entire value chain to drive a different way of working for a sustainable future. The digital future holds tremendous promise for us by enabling better and real-time data-based decision-making.

We are using technology for automation of processes and have started integrating technologies across the value chain to reduce waste, increase resource efficiency and drive up productivity while promoting the harnessing of renewable energy sources.

How we make decisions, how we manage resources and talent and how we share value with our stakeholders are all getting transformed. Our new approach is data driven, agile, integrated and collaborative, our workforce is empowered and becoming future-fit and our stakeholders' well-being is interwoven with our success.

The COVID-19 pandemic has thrown several successful business models into turmoil and brought the focus back on business continuity, community welfare and national self-sufficiency. Our business strategy bolstered by smart mining will convert these challenges into opportunities and lead to a sustainable future.



About the **Report**

OUR REPORTING APPROACH

This is the first integrated report of Hindustan Zinc Limited (Hindustan Zinc). In keeping with our values, we remain committed to ensuring relevant disclosure of our material issues and strategic performance. This report is prepared to help our investors make an informed assessment of Hindustan Zinc's ability to create holistic value over the short, medium and long term.

REPORTING SCOPE AND BOUNDARY

The information presented in the report includes the primary operations of Hindustan Zinc, including the five mining locations, three smelting locations and one refinery. The key material aspects identified are relevant to the operations of the Company, value chain partners, customers, communities and other stakeholders.

The information covered in the report is for the period of April 1, 2019 to March 31, 2020; The performance trend has been depicted for a time period of five years, wherever relevant.

REPORTING PRINCIPLES

To strengthen our commitment to transparency in stakeholder communications, we have embarked on the Integrated Reporting <IR> journey with this report. The report is guided by the <IR> framework of the International Integrated Reporting Council (IIRC).

Some data related to <IR> might be management estimates. The other statutory reports, including the Board's Report, Management Discussion and Analysis, 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.

Further, this integrated report should be read in conjunction with our sustainability review report, where we provide more details on key non-financial aspects and the same will be available on our website www.hzlindia.com.

APPROACH TO MATERIALITY

This report contains information that we believe is of interest to our stakeholders and presents a discussion around matters that can impact our business. We consider an issue to be material if it can substantively affect the organisation's ability to create value over the short, medium and long term.

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 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 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 realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should any known or unknown risk or uncertainty materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Future is Smarter Operations

Page 20



Zenith of Silver

Page 57



Sustainability - An Overview

Page 64



Standing with Our Communities during the COVID-19 Crisis

Page 76

Table of **Contents**

INTEGRATED REPORT

WHO WE ARE

04 Hindustan Zinc at a Glance
06 Products and Operations
08 Operational Assets

HOW WE PERFORMED

10 Introducing the Capitals
12 Message from the Chairman
14 CEO's Message
16 Key Performance Indicators
20 Leveraging Digital and Driving Innovation
22 Awards and Accolades
23 Investment Case

HOW WE CREATE VALUE

24 Value Creation Model
26 External Environment
28 Stakeholder Engagement
32 Materiality

STRATEGIES THAT DRIVE US

36 Strategic Priorities
40 Managing Capital Trade-offs
42 Distributing Value Generated
44 Risk Management

OUR OPERATIONAL PERFORMANCE

50 Zinc
52 Lead
53 Silver
54 Mines
58 Smelters and Refinery
60 Exploration
62 Captive Power Plant (CPP)

HOLISTIC GROWTH

64 Sustainability an Overview
66 Environment
72 Social
84 Governance and Ethics
86 Board of Directors
88 Senior Management

STATUTORY REPORTS

90 Board's Report
114 Corporate Governance Report
136 Business Responsibility Report

FINANCIAL STATEMENTS

148 Independent Auditor's Report
156 Balance Sheet
157 Statement of Profit and Loss
158 Statement of Cash Flow
159 Statement of Changes in Equity
160 Notes to the Financial Statements

Hindustan Zinc at a Glance

Upholding a **Rich Legacy**

Incorporated in 1966, we have over five decades of rich experience in zinc-lead mining and smelting. We are the world's sixth largest silver producer. With a reserve base of 114.7 mn MT and mineral resources of 288 mn MT, we have a mine life of over 25 years. Moreover, we are the only integrated producer of zinc, lead and silver in India.

Responsible stewardship, building strong relationships, strategic communication as well as adding and sharing value are the cornerstones of our sustainability framework.

VISION

To be the world's largest and most admired zinc, lead and silver company.

MISSION

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

2nd LARGEST
Zinc-lead miner globally#&

4th LARGEST
Zinc-lead smelter globally#&

6th LARGEST
Silver producer globally*

77%
Market share in India's primary zinc industry

#As on March 31, 2020 &Source: Wood Mackenzie *World Silver Institute, 2019

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 improving our 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 exemplifying optimal utilisation of natural resources, improved efficiencies and recoveries of by-products.

Integrity
We place utmost importance to 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.



A Vast Suite **of Offerings**

Products



PAGE 50

REFINED ZINC (Zn)

688,286 MT
Production volume*

₹12,645 CR
Revenue*

Applications

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

Value-added Products

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



PAGE 52

REFINED LEAD (Pb)

181,370 MT
Production volume*

₹2,699 CR
Revenue*

Applications

- Storage batteries
- Construction
- Ammunition
- Power transmission



PAGE 53

REFINED SILVER (Ag)

610 MT
Production volume*

₹2,445 CR
Revenue*

Applications

- Jewellery
- Cutlery
- Electrical contacts
- Currency

Value-added Products

- 1 kg silver bars

*During FY 2019-20

Operations


PAGE 54

MINES

We have a sustainable, fully underground mining operation across five locations in Rajasthan.

Besides ramping up production at our mines, we are benchmarking our operations with the world's best mining practices to enhance safety and ore-to-metal ratio.

14,465 MT

Total ore mined*

Strengths

High-quality assets managed by trained and safety-conscious workforce

Strategic priority

- Ramp-up and sustain production at designed capacity
- Reduce cost of production of zinc metal by 10% per MT


PAGE 58

SMELTERS AND REFINERY

Our three smelting locations are in close vicinity of our mines.

We are debottlenecking our smelters to maintain our fully integrated operations.

870 MT

Total production*

Strengths

Fully integrated and optimised operations supported by captive power

Strategic priority

- Sustain 1.123 mn MT metal and further debottleneck capacity
- Augment the supply of Value-added Products (VAP)
- Achieve three times increase in gainful utilisation of smelting process waste


PAGE 60

EXPLORATION

We aim to delineate and upgrade Reserve and Resource (R&R) in and around our existing deposits.

Driven by innovation and technology, exploration remains a key priority for a sustainable future.

403 MN MT

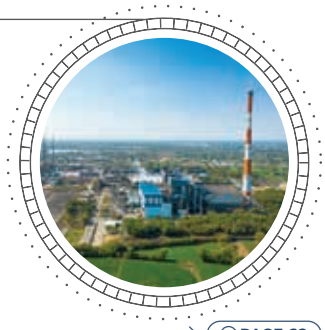
Total R&R#

Strengths

Mine life of 25+ years

Strategic priority

- Increase the Reserves and Resources (R&R) base to 550 mn MT
- Enhance ore reserve to 200 mn MT


PAGE 62

CAPTIVE POWER PLANT (CPP)

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.

549 MW

Total captive capacity#

Strengths

Streamlined demand pattern analysis

Strategic priority

Increase power capacity of existing thermal power plants through innovative interventions to generate higher energy with the same amount of fuel

*During FY 2019-20 #As on March 31, 2020

HINDUSTAN ZINC

Operational Assets

Growing Portfolio of **Value-Accretive Assets**



MINES

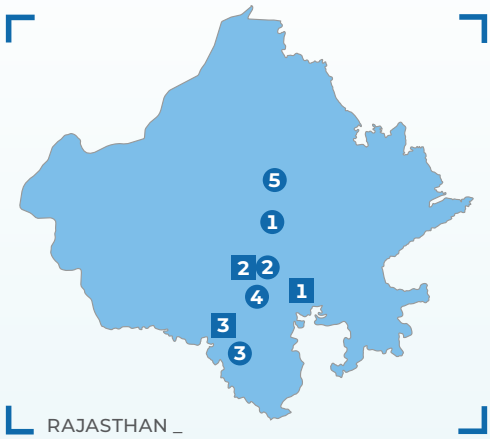
Mines	Key Stats				
	Reserve (mn MT)	Resource (mn MT)	Reserve Grade Zn (%)	Reserve Grade Pb (%)	Captive Power Plant (MW)
Rampura Agucha Mine	39.1	45.8	12.6	1.6	-
Sindesar Khurd Mine	37.3	79.1	3.6	2.3	-
Zawar Mining Complex	14.2	82.2	3.1	1.5	80
Rajpura Dariba Mine	20.4	38.5	5.1	1.7	-
Kayad Mine	3.6	1.9	5.1	1.0	-

R&R SUMMARY

Category	Key Stats			
	Tonnage		Grade	
	Million MT	Zn (%)	Pb (%)	Ag (g/t)
Reserve	114.7	6.9	1.8	69
Mineral Resource – Measured and Indicated	129.7	5.3	1.9	72
Mineral Resource – Inferred	158.6	5.7	2.2	67



DOMESTIC FOOTPRINT AND OPERATIONAL ASSETS_



RAJASTHAN _

- MINES
  - 1> RAMPURA AGUCHA MINE
  - 2> SINDESAR KHURD MINE
  - 3> ZAWAR MINING COMPLEX
  - 4> RAJPURA DARIBA MINE
  - 5> KAYAD MINE
- SMELTER
  - 1> CHANDERIYA LEAD-ZINC SMELTER
  - 2> DARIBA SMELTING COMPLEX
  - 3> DEBARI ZINC SMELTER



SMELTERS

Smelters	Key Stats				
	Pyro-metallurgical Zinc Smelter (TPA)	Pyro-metallurgical Lead Smelter (TPA)	Hydro-metallurgical Zinc Smelter (TPA)	Lead Smelter (TPA)	Captive Power Plant (MW)
Chanderiya Lead-Zinc Smelter	1,05,000*	90,000	4,80,000	-	234
Dariba Smelting Complex	-	-	2,40,000	1,20,000	160
Debari Zinc Smelter	-	-	88,000	-	-

SMELTING AND POWER SUMMARY

Category	Key Stats
Zinc Smelting	9,13,000 TPA
Lead Smelting	2,10,000 TPA
Silver Refining	800 TPA
Thermal Power	474 MW

Category	Key Stats
Wind Power	273.5 MW
Solar Power	39.64 MW
WHRB Power	35.37 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 = MT per annum)

*Retrofitted to produce lead also

Introducing the Capitals

Our Resources **and Relationships**



FINANCIAL CAPITAL

Our key financial resources primarily include equity and internal accruals. We have adopted a prudent approach in allocating capital across our business. It is our constant endeavour to strengthen our balance sheet, improve profitability and cash-flow by margin expansion and enhance efficiencies across our operations.

29%
RoCE[&]

₹6,621 CR
Operating cash flow

NIL[^]
Debt to equity

48%
EBITDA margin

PAGE 16

MANUFACTURED CAPITAL

We have adopted a holistic approach towards investing in our manufacturing assets. Our objective is to raise our production capabilities by deploying best-in-class technology, meeting high safety standards and minimising the impact on the environment we operate in. Through integrated operations, low cost of production and 25+ years of reserve and resource base, our mining and manufacturing assets enable the creation of strong and sustainable cashflows.

1.2
Mined metal capacity (mn MT per annum)[#]

1.123
Zinc-lead smelting capacity (mn MT per annum)[#]

800
Silver refining capacity (MT)[#]

549 MW
Captive power Generation Capacity[#]

PAGE 18, 50

INTELLECTUAL CAPITAL

As India's largest and the world's second-largest zinc-lead miner, we are fully equipped to remain future-ready, and technology is our biggest enabler in this journey. We are embracing best-in-class technologies to drive innovation and efficiency in our operations. Over the preceding couple of years, we have also been digitalising operations across our mining and manufacturing assets to optimise their potential and enhance their safety quotient. We are achieving a higher degree of innovation in our processes and offerings by partnering with esteemed international institutes and global technology companies.

DRISHTI
Rampura Agucha and Sindesar Khurd mines digitalised[#]

COLLABORATION CENTRE
100% digital monitoring of operational data

EVOLVE
3-click online buying of zinc, lead and silver

SARATHI
Logistics automation at all business units

PAGE 20, 54

*During FY 2019-20 [&]Net of cash and cash equivalents [^]Net cash positive [#]As on March 31, 2020



HUMAN CAPITAL

Our business runs on the passion and perseverance of our people. Our objective is to be recognised as a preferred employer in all our functions. We are committed to providing our people with an engaging work culture, continuous opportunities for skill development, ample scope for learning and increasing diversity across the organisation. Enhancing safety at our facilities and providing our people with an environment that is inclusive and inspiring are key priorities for us. Industry-leading employee retention rates and highly engaged workforce are the key positive outcomes of our efforts.

19,152

Total employees, including contractors#

0.16 MN

Learning and development hours for executives*

100+

Six-sigma projects undertaken by graduate engineering trainees inducted*

14%

Diversity ratio for executives#

PAGE 18, 77

SOCIAL & RELATIONSHIP CAPITAL

The communities we work with are our principal stakeholders. We work in close coordination with our stakeholders - customers, people, communities, suppliers, shareholders, government, regulators, to create all-round, sustainable value for them. Our social intervention is driven by need-based assessment of community requirements. The prominent focus areas include education, sustainable livelihood, women empowerment, health, water and sanitation, sports and culture, environment and safety.

>500,000

CSR beneficiaries*

51%

Local sourcing from Rajasthan-based partners (in value terms)*

70,000

Children benefitted under flagship programmes*

PAGE 18, 72

NATURAL CAPITAL

We are cognisant of the depletable nature of our resources and are committed to conservation and prudent use. We are steadily reducing our environmental footprint through our innovative processes for water stewardship, captive usage of energy from renewable sources and adoption of new methods for waste recycling. Our sustainability 'Vision 2025' is leading to step changes in the Company's approach towards reducing GHG emissions, remaining water positive, waste utilisation, maintaining safety and diversity at workplaces, enriching communities and enhancing biodiversity.

39%

Water recycled*

31%

Waste recycled*

2.41x

Water positive#

675 MN

Units of renewable power generated leading to a reduction of 5,80,995 MT of CO_2

PAGE 19, 66

Message from the Chairman

Sustainable Mining **for Tomorrow**



> Over the last several years, we have transformed into a modern underground mining company with an emphasis on sustainable operations.

Dear Stakeholders,

This is our first ever integrated report wherein we have presented a holistic view of our value creation that goes beyond financials to equally important metrics of environment, social, governance and nation building. Through a discourse on our strategy, performance, resources and relationships, governance and risks and opportunities, we have provided insights into our ability to create value for all our stakeholders. I hope you find our first integrated report relevant, transparent and engaging.

It has been more than a year since I joined your Board as Chairman, and I feel privileged to lead one of the world's largest and India's only integrated producer of zinc, lead and silver. At the outset, I would like to assure you that Hindustan Zinc continues to have high growth prospects and is confidently overcoming short-term challenges, including the one posed by the COVID-19 pandemic. In the process, we will emerge stronger and generate sustainable value for all our stakeholders.

We are all living through a difficult time and the humanitarian crisis created by the COVID-19 pandemic is unprecedented in our living memory, leaving no one untouched. As a responsible corporate citizen, we have been at the forefront in supporting our communities to ensure their livelihood, health and safety. Our Corporate Social Responsibility (CSR) team has established on-ground preparedness with emphasis on extensive delivery of food, sanitation and health services. I applaud the commitment of our employees in these challenging times who have worked voluntarily to supply dry ration and ready-to-eat meals to vulnerable sections of society, including daily wage earners.

We halted all our operations when the nationwide lockdown was announced in March, and gradually recommenced in April while maintaining utmost safety of our people and assets. We formed a COVID-19 war room to ensure safe re-start and have implemented extensive protocols to safeguard all our employees, including our contractors at workplace as well as in residential colonies. I am happy to report that we ramped up our operations to normal levels in the month of May.

During the reporting period, Hindustan Zinc has performed well on all operational, financial and non-financial aspects, despite the operational shutdown to combat the COVID-19 pandemic. Under the able guidance of our CEO and other members of the leadership team, we are well positioned to grow sustainably with a sharp focus on safety, exploration, digitalisation and data-driven decision-making.

We have an attractive, world-class portfolio of assets with two of our mines ranking among the top 3 largest underground zinc-lead mines globally.

We strengthened our position as an industry leader by completing all our major mining expansion projects for 1.2 mn MT per annum. We are now setting up Hindustan Zinc for the next phase of growth in a phased manner over the coming years through focused exploration, smart technology interventions and disciplined execution of expansion projects.

Over the last several years, we have transformed into a modern underground mining company with an emphasis on sustainable operations. Continuing this transformation, we have successfully launched three major digitisation projects during the year to generate insights and actions for enhancing efficiency, productivity and safety of our operations.

Cost leadership has always been one of our core focus areas. Our enviable position among the world's lowest cost producers continues to be a competitive edge that enables industry-leading returns in any market scenario. To this end, we are optimising costs by leveraging best-in-class technologies and implementation of prudent strategies that span the entire operational canvas.

I am deeply saddened to report two fatalities during the year, which is unacceptable. While we have carried out detailed investigations and horizontally deployed learnings from these incidences to prevent recurrence, we are implementing a cultural shift by making safety central to our operations to achieve zero harm to our people. The increase in injury frequency rate to 1.38 during the year is being addressed through smart use of technology, automation and innovation to reduce risks related to man-machine interactions and ensure safe underground mining operations.

Caring for our communities is our core value and we spent ₹131.7 Crore on our CSR programmes during the year while also extending support to the PM CARES Fund in April 2020. To deepen our engagement with communities, we are designing programmes based on the needs and learnings from the Impact Assessment study conducted in FY 2018-19.

Moreover, I am happy to say that we have delivered encouraging results in our long-term projects in education and women empowerment, which matured during the year. I am very enthused by the success of our programmes in skill development of local youth to improve their employability. I expect our new initiatives in health services and water management will gain traction in the coming years, significantly improving the quality of life of our communities.

Sustainability has always been a high priority for us. Our continued emphasis on ESG, safety and occupational health is visible in everything that we do. During the year, we received significant honours that display the ESG efforts of the Company over the last several years. Hindustan Zinc continued its coveted position in the Dow Jones Sustainability Index in 2019 and is honored to be at first position within Sustainability in Asia Pacific and fifth position among global metal and mining companies. I am also proud to share that Hindustan Zinc reaffirmed its membership in both the FTSE4Good Index series and the S&P Sustainability Yearbook for the third consecutive year.

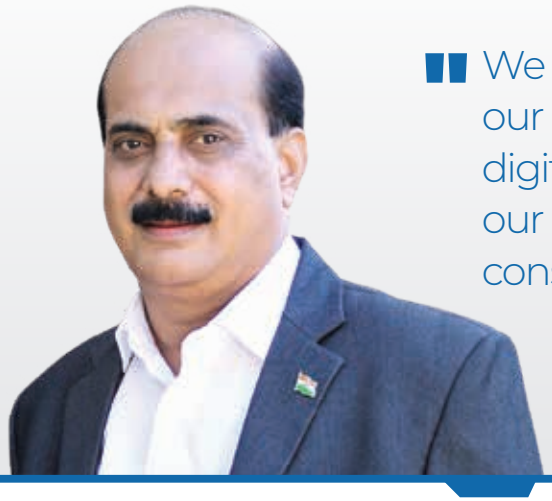
I am happy to share with you that Hindustan Zinc has been declared as a 'Disclosure Champion' in FTI Asia Disclosure Index 2019 with a perfect score of 10 and is among the top 23 companies in Asia and top 5 companies in India.

Before I conclude, I am grateful to all members of the Board, the leadership team and all our stakeholders for being a part of our growth story. I must reiterate the commitment of your Board and CEO to create sustainable value through our leading Indian mining enterprise.

Sincerely,
Kiran Agarwal

CEO's Message

Creating Smarter **Value Sustainably**



> We remain focused on strengthening our efficiency, technology and digitalisation initiatives to build on our industry leadership and deliver consistent returns to our shareholders.

Dear Stakeholders,

I am delighted to share that we delivered a healthy performance in a challenging market scenario. We progressively ramped up our production during the year and achieved accelerated production rate in the final quarter, before operations were halted in late March 2020 on account of lockdown to combat the spread of COVID-19. This translated into record ore production of 14.5 mn MT, up 5% from a year ago, led by Rampura Agucha and Zawar mines.

Mined and refined metal production were lower from last year by 2-3%, primarily due to fewer days of production in March. On account of 12% fall in zinc and 8% decline in lead London Metal Exchange (LME) prices, the revenue and PAT were down 12% and 14% to ₹18,561 Crore and ₹6,805 Crore, respectively, for the year.

FY 2019-20 was a muted year for zinc as prices declined in the first half of the year due to global trade tensions, raising concerns around consumption slowdown. Prices turned around thereafter only to fall back sharply after the outbreak of the novel coronavirus and eventual pandemic that has impacted demand as well as supply globally. While the headwinds for zinc consumption may sustain, supply will also witness some curtailment on account of restrictions due to the pandemic. Also, the current prices will not only make high-cost mines unviable but also lead to interruption in the project pipeline of new supply. Hence, we expect that zinc metal supply to match the demand in the near-term and offer support to zinc prices going forward.

I am glad to report successful completion of the first phase of our mining capacity expansion project. The project that started in 2013 has quadrupled our underground mining capacity from c.300 kT annually to 1.2 mn MT per annum. In addition, we debottlenecked our smelting capacity to 1.123 mn MT per annum to match up to a higher mining capacity.

We remain focused on strengthening our sustainability efforts, technology and digitalisation initiatives to build on our industry leadership and deliver superior returns to our shareholders.

Exploration for Resource Sustainability

We are working relentlessly towards realising our long-term business growth potential and are in advanced stages of implementing brownfield exploration programme across all our mining leases. The focus is not only to upgrade resource to reserve but also to add new resources to maintain a 25-year mine life. To this end, we have deployed advanced surface and geophysical technologies for target identification and higher drilling accuracy to improve the success rate of exploration.

I am delighted to report that our efforts have yielded the targeted results and our ore reserve at the end of the year increased by 22 mn MT to 114.7 mn MT and

we added 14.5 mn MT of ore on a gross basis. Total ore reserve and mineral resource is 403 mn MT with a total metal content of 32 mn MT, implying a mine life of 25+ years.

Smart Mining for Sustainable Future

Smart mining is all about re-imagining our entire value chain to improve productivity and safety of operations and enhance sustainability by leveraging best-in-class technologies and data analytics. In the long-term, this will lead to efficient usage of resources, minimise waste, improve our bottom line and enhance stakeholder relationships.

In line with our overarching goal of creating 'mines of the future', we are digitalising Rampura Agucha and Sindesar Khurd mines in partnership with leading global experts. We are now tracking equipment in real time leading to higher equipment effectiveness and efficient traffic management. As we leverage data analytics, we will reap benefits from automated task scheduling, preventive maintenance and cycle-time optimisation. I am excited to share that we have started operating production drilling equipment and loaders on tele-remote and we plan to deploy this IT architecture to other mines as well.

Our recently launched Digital Collaboration Centre at Udaipur is providing us with intelligence across the value chain by integrating operational data from all our locations on a single analytics platform with the ultimate goal of increasing the ore-to-metal ratio. It is a matter of pride for all of us that this centre is among the world's top integrated technology centres in the mining industry.

During the year, we automated our logistics supply chain through a state-of-the-art control tower for real-time tracking of key inputs and intermediate materials, including concentrate. This has made the reliability of our supply chain quite robust and we have already achieved substantial reduction in the in-plant as well as in-transit (mine to smelter) vehicle turnaround time. Furthermore, we expect optimisation of working capital through better inventory planning and dynamic allocation of concentrate to smelters.

Reinforcing our ESG Commitment

I am proud to say that we are a 2.41 water positive company and during the year, we have completed sewage treatment plant expansion and community projects in water harvesting. Our freshwater consumption is lower and we have made more water available to our communities in the water-scarce state of Rajasthan.

In our Vision 2025 for sustainability, we have committed to step change towards decarbonisation, water conservation, gainful utilisation of waste, safety and inclusive growth. This will create long-term value for our stakeholders and strengthen our efforts to become a sustainable and caring business.

During the year, we completed two key projects at Zawar to strengthen the management of our tailing dams and minimise our environmental footprint. The first was the commissioning India's first dry tailing plant, which will recover up to 90% of the process water and reduce land requirement for storage. The second was completion of back-fill plants for using tailings to fill voids in mines, which will lead to better mine stability, increase in life of tailing dam and eventual recovery of ore from old pillars in future. I am proud to say that all our mining locations are now using this technology, resulting in significant reduction in waste.

We have made substantial progress in minor metal extraction from smelter residues to recycle our waste to generate wealth. During the year, we successfully replicated Dariba's ancillary ecosystem at Chanderiya, where we are treating smelter residues to recover zinc, lead, copper and silver. The fumer plant is set to be commissioned, which will be a game changer not only in terms of higher silver recovery but also in eventual elimination of Jarosite, reducing our land footprint. We are augmenting our minor metal production capacity over the next two years in partnerships with leading global technology and execution experts, which will take us closer to our target of ₹1,000 Crore contribution from minor metals.

Committed to Growth

Our key strategic priorities for the current year are ramp-up of underground mines towards their designed capacity; optimisation of cost of production through efficient ore hauling, higher volume and grades and higher productivity through ongoing efforts in automation and digitalisation; refocused capital investments to enhance profitability and sustainability; and sustained exploration to add and upgrade resources.

It is also noteworthy that we have commenced a detailed exercise for the next phase of expansion. For this, a detailed life-of-mine-planning and feasibility study is currently being done by a renowned global expert. I am quite excited about this new phase in our Company, which will be technology driven and will ensure that our growth story continues well into the future, creating long-term sustainable value for our stakeholders.

Sincerely,
Sunil Duggal

Key Performance Indicators

Enhancing Resilience to **Remain Future-ready**

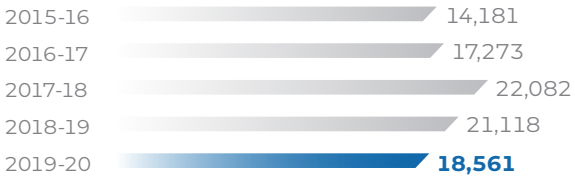
BUSINESS ACTIVITIES

Our revenue and profits were impacted by cyclically weak zinc and lead prices that were down by an average 12% and 8%, respectively, during the year. Silver bucked the trend with price up to 7%, acting as a safe haven for investors.

Our balance sheet continues to be strong with zero debt^ and we generated ₹6,621 Crore in operating cash flow during the year.

Revenue from Operations$

(₹ Crore) (including other operating income)



	2015-16	2016-17	2017-18	2018-19	2019-20
($ mn)	2,166	2,575	3,426	3,022	**2,619**

Revenue Mix

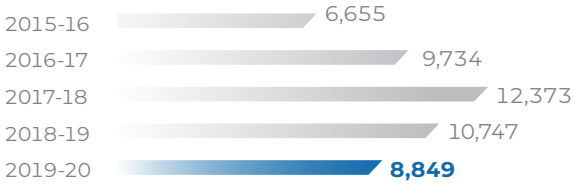
(%)



	2015-16	2016-17	2017-18	2018-19	2019-20
Zinc	73	75	75	70	**69**
Lead	14	12	13	15	**15**
Silver	10	10	10	12	**13**
Wind energy	1	1	1	1	**1**
Others	2	2	1	2	**2**

EBITDA

(₹ Crore)



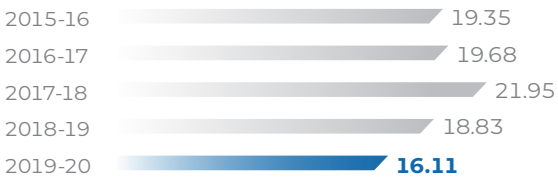
PAT

(₹ Crore)



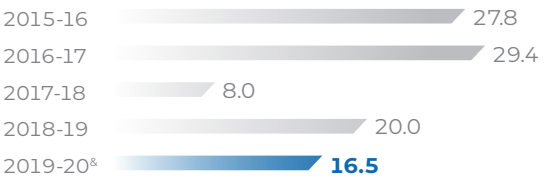
Earnings Per Share (EPS)

(₹)



Dividend Per Share (DPS)

(₹)



^₹611 Crore working capital and fund-based banking facilities as on March 31, 2020

$net of excise duty till 2017-18

&Interim dividend paid in May 2020



Networth
(₹ Crore)

2015-16	37,385
2016-17	30,805
2017-18	35,932
2018-19	33,605
2019-20	**40,310**

Cash and Equivalents**
(₹ Crore)

2015-16	35,272
2016-17	16,065
2017-18	20,395
2018-19	16,952
2019-20	**21,596**

Mined Metal
(MT)

2015-16	8,88,924
2016-17	9,06,984
2017-18	9,47,383
2018-19	9,35,688
2019-20	**9,17,101**

	2015-16	2016-17	2017-18	2018-19	2019-20
Zinc	7,44,271	7,55,964	7,73,015	7,28,498	**7,20,060**
Lead	1,44,653	1,51,020	1,74,368	2,07,190	**1,97,041**

Total Refined Metal***
(MT)

2015-16	9,03,857
2016-17	8,10,997
2017-18	9,59,708
2018-19	8,94,121
2019-20	**8,69,656**

	2015-16	2016-17	2017-18	2018-19	2019-20
Zinc	758,938	671,988	791,461	696,283	**688,286**
Lead	144,919	139,009	168,247	197,838	**181,370**

Refined Silver***
(MT)

2015-16	422
2016-17	453
2017-18	558
2018-19	679
2019-20	**610**

** Includes cash and cash equivalents, net dividend account balance, short-term borrowings and current investments as applicable

***Excludes captive consumption

Key Performance Indicators continued

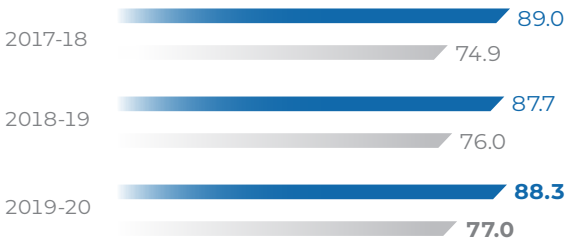
ESG PERFORMANCE

Our performance improved on several ESG metrics on the back of sustainability and technology efforts carried out over the last few years. The increased use of recycled and treated water, improving smelter efficiency, higher metal recoveries, gainful utilisation of water and focus on renewable power led to the conservation of natural resources and lower impact on environment. We are focusing on contractor safety, industrial hygiene and rigorous training of our workforce to keep our workplace safe for all. Also, we are investing in many community-focused projects.

Improvement in Metal Recovery Performance

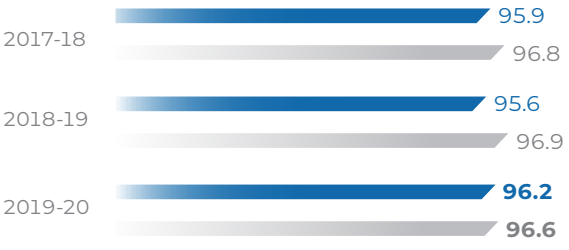
Mill Recovery

(%)



Smelter Recovery

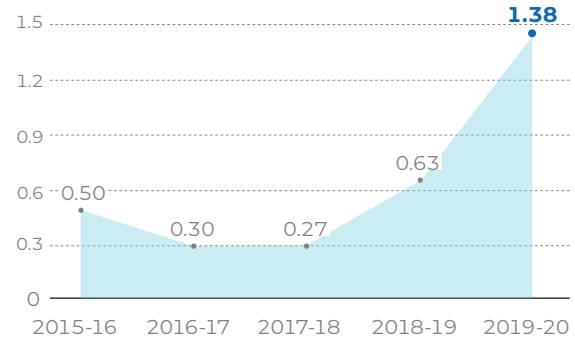
(%)



Zinc Lead

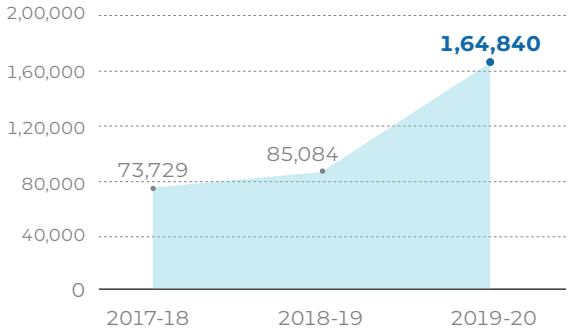
Lost Time Injury Frequency Rate (LTIFR)

(number per mn hours worked)



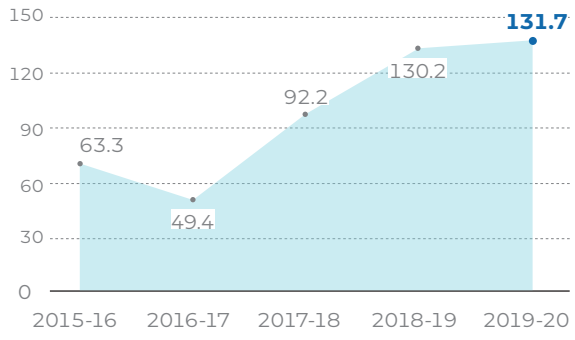
Employee Trainings

(man-hours)



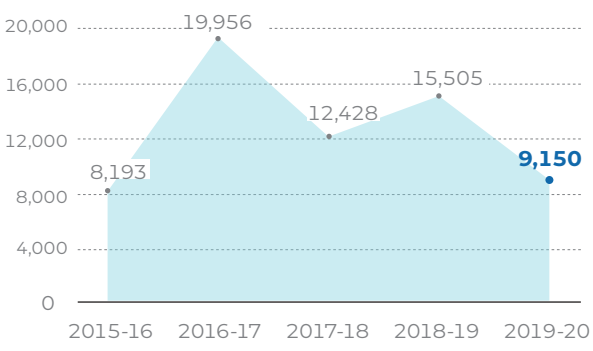
CSR Spend

(₹ Crore)



Contribution to Exchequer*

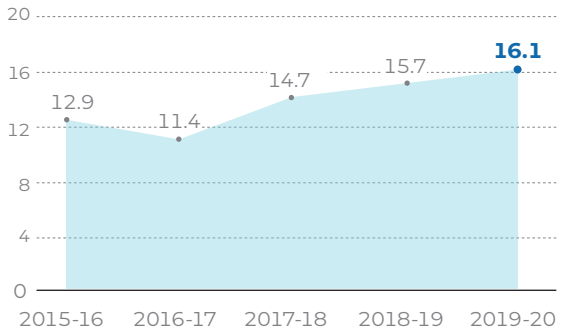
(₹ Crore)



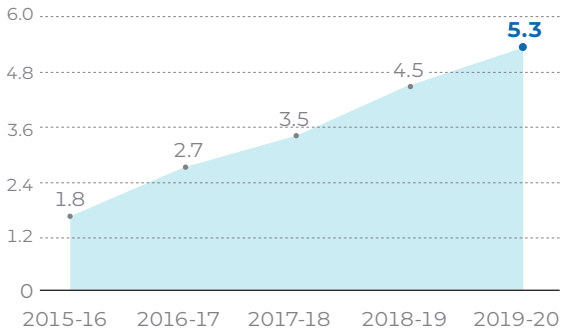
*on gross basis



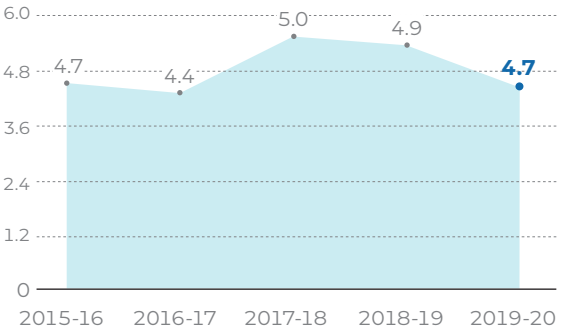
Water Recycled
(Million m³)



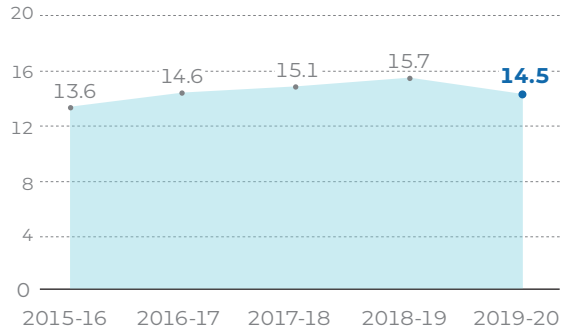
Waste Recycled
(Million MT)



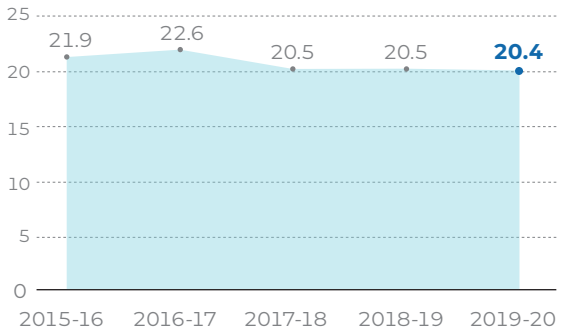
GHG Emission: Scope 1 + Scope 2
(MNtCO$_2$)



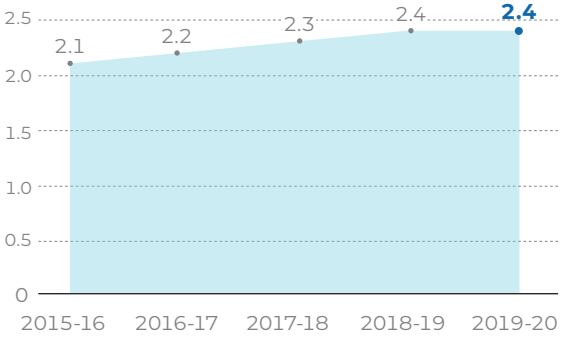
Specific Water Consumption
(m³ per MT of metal)



Specific Energy Consumption
(GJ/MT of metal)



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



Leveraging Digital and Driving Innovation

Future is **Smarter Operations**

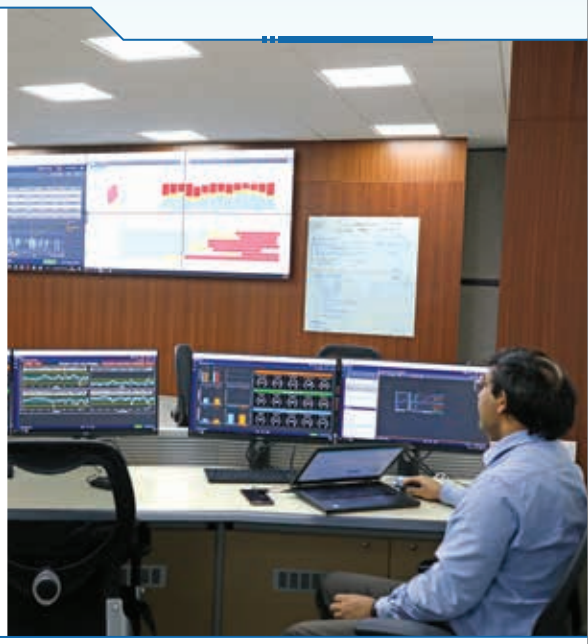
DIGITAL COLLABORATION CENTRE

Connected Operations: Analyse, Predict, Optimise

Our Digital Collaboration Centre aims to unlock the potential of data analytics in decision-making, ushering the Company to the digital future. As a pioneer in India, the Centre collates and analyses the entire operating data from our mines, mills, smelters and power plants on a single platform, leading to increased decision-making, backed by predicted outcomes, driven by data analytics.

The Centre promotes collaboration among the operations teams, Original Equipment Manufacturers (OEMs), Subject Matter Experts (SMEs) and data scientists to create prediction models and automate processes.

Optimising its best-in-class analytics capability, the Centre will develop operational modelling and simulation capability to make accurate predictions of key operational parameters such as recoveries, concentrate grade and throughput, among others. This will be integrated with our advanced process controls, paving the way for automation and remote operations in the near future, to drive higher equipment effectiveness, resource efficiency and production.





DRISHTI

Connected Mines: Real-time, Remote, Safe

'Drishti' digitalises our mines to provide greater visibility and intelligence for making informed decisions. With its objective to increase the operational equipment effectiveness by 20% and ore-to-metal index by 2%, Drishti will lead us to achieve global mine productivity benchmarks. So far, we have implemented this programme at Rampura Agucha and Sindesar Khurd mines.

Under Drishti, we are increasingly investing in technology infrastructure, including high-bandwidth underground wireless network, Internet of Things (IoT) and advanced analytics to monitor, control and operate our mines in real time from a central control room.

Key Actions Taken	Benefits
Real-time monitoring and control of underground traffic	Reduced cycle time, lesser GHG emission and increased safety
Real-time tracking of equipment and people	Better safety, timely communication and less downtime
Real-time equipment health data	Predictive maintenance
Real-time status of mining processes	Facilitate short interval control
Integrating auxiliary services	Drive operational efficiencies
Automation of dewatering pumps	Optimisation of workforce and better safety
Advanced Process Control (APC) implementation in crusher	Generate consistent feed for higher throughput
Tele remote operated solo drill machines	Higher utilisation, particularly during smoke hours

We continue to be at the forefront of adopting best-in-class technologies to gain and solidify our competitive moat in the mining industry, enhancing efficiencies and productivity along the way.

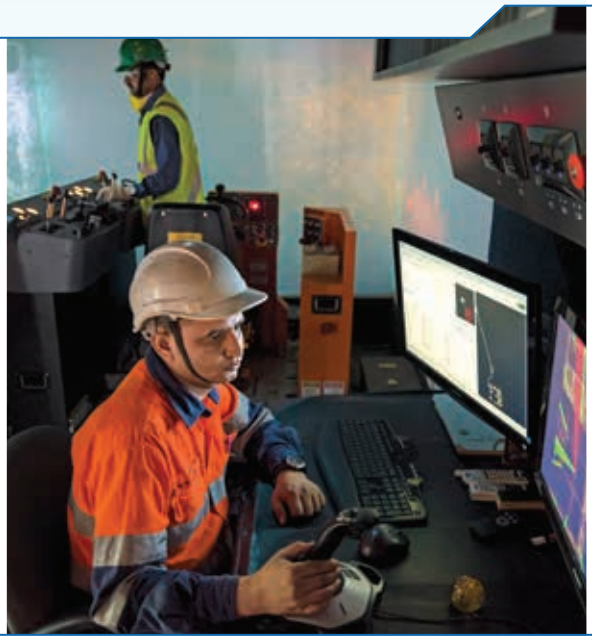
The value of digital is multiplied when it is applied holistically rather than in individual functions.

NORTH STAR

Connected Workforce: Smart, Quick, Core

North Star is a data mining, visualisation and analytical tool redefining our decision-making process. With North Star, we are unlocking the potential of big data analytics using 10,000+ hours of mining as well as smelting operational performance parameters. Our business managers are getting empowered with the right tools to derive insightful information using real-time data on production, procurement contracts, consumption, inventory and spend along with an array of historical analysis, benchmarking and visualisation options.

An in-house developed platform, it is engaging everyone in our Company with the key question, 'What information do I need to do my job better'? and guides everyone to take timely, informed decisions. Its intuitive user interface and smart mobility features bring business information at the fingertips of our people, homogenising reporting methods across business verticals to drive tangible results.





SARATHI

Connected Logistics: Robust, Dynamic

'Sarathi' digitalises and automates our logistics supply chain to achieve secure transportation and faster turnaround time. It provides real-time tracking of key inputs and intermediate materials, including concentrate, leading to better inventory planning and optimisation of working capital. During the year, we established a digital control tower with best-in-class fleet management architecture for inward, intra-plant and outward logistics movement, which is integrated with existing systems such as integrated transport management system, digital locks and auto samples, among others.

Using cellular technology and intelligent workflow, Sarathi allows effective monitoring of vehicles and drivers along pre-decided geo-fenced routes and flagging exceptions in case of performance deviations. This significantly enhances the reliability of our supply chain. This will be further optimised to dynamically allocate concentrate to smelters based on quality and composition to optimise metal recovery.

> We have advanced well on our journey of leveraging digitalisation and are looking to embrace new technologies such as Artificial Intelligence (AI) and block chain capabilities in the future.

Awards and Accolades

Excellence is **Always Rewarding**



Dow Jones Sustainability Indexes

DOW JONES SUSTAINABILITY INDEX
Ranked 1st in the Asia-Pacific region and 5th globally in the metal and mining sector by the Dow Jones Sustainability Index 2019

SAM
Now a Part of S&P Global

THE SUSTAINABILITY YEARBOOK 2020
Featured in The Sustainability Yearbook 2020 by S&P Global and RobecoSAM as one of the Sustainability Leaders

FTSE4Good

FTSE4GOOD INDEX
Member of FTSE4 Good Emerging Index based on Environment, Social and Governance

ASIA DISCLOSURE INDEX
Voluntary disclosure champion with a perfect score of 10/10 and among the top 5 Indian companies

CII NATIONAL HR EXCELLENCE AWARD 2019-20
For human resource management

EXPRESS LOGISTICS AND SUPPLY CHAIN CONCLAVE
Outstanding Digital Transformation in Supply Chain Award

INSTITUTE OF ENGINEERS
Industry Excellence Award 2019

CII-ITC SUSTAINABILITY AWARDS 2019
Received award for 'Corporate Environment'

ZEE HINDUSTAN AWARDS 2020
Zinc Football gets felicitated for being a premier football project in India

CSR HEALTH IMPACT AWARD
Indian Health & Wellness (IHW) Council awarded Khushi Anganwadi program with "Game Changer" title in Women and Child category

ASSOCHAM WOMEN ACHIEVERS AWARDS 2019
SAKHI received the Best CSR Initiative for Women Award

FOOTBALL DELHI AWARDS
Zinc Football received the Best Grassroots Football Programme of 2019

Investment Case

Why Hindustan Zinc?

WORLD-CLASS OPERATIONS

Our tier-1 assets, fully integrated operations from ore to refined metal, market leadership and low cost of production comprise our intrinsic capabilities to create value over a long-term horizon, despite market volatilities.

Our operations are now becoming increasingly digitalised and we are automating processes to reduce the level of human intervention. Ours is a transformational business, fuelled by data-driven decision-making and a holistic approach to value creation.

TRACK RECORD OF VALUE CREATION

Over the last two decades, we have delivered multi-fold increase in the size of our operations and have become a global market leader in zinc, lead and silver. We have invested in projects with above average Internal Rate of Returns (IRRs), generating industry-leading returns for our shareholders.

We have consistently demonstrated our ability to grow production, optimise cost and implement sustainability strategies effectively. Our commitment to growth and strong balance sheet will continue our value creation story in the future.

COMMITTED TO GROWTH

Our focus on campaigns such as 'Make in India' for nation building and self-sufficiency in key metals will drive our long-term growth. During the year, we completed a large part of our capacity expansion. As new capacities start catering to the rising domestic demand to galvanise the nation's infrastructure, we will witness momentum in our growth. Our next phase of expansion along with investments in minor metal capacity will strengthen our market position and cost leadership. Technology will drive our ore-to-metal ratio, while new VAP introduction will shield us from commodity price fluctuations.

STRONG FINANCIALS

We have always followed a very disciplined approach while deploying capital. As a result, we enjoy robust credit rating (AAA from CRISIL), a strong balance sheet and industry-leading EBITDA margin.

We continue to strengthen our balance sheet by investing in new opportunities, rationalising our cost structure and focusing on enhancing our margins.

SUSTAINABLE OPERATIONS

We have proven ore deposits with above average zinc-lead grades and long mine life of over 25 years. We are driving ourselves to a low-carbon economy and optimising our water, waste and land footprint through innovation and technology.

Our constant focus is on making our operations safer, utilising our natural resources prudently and enhancing our sustainability quotient constantly.

^₹611 Crore working capital and fund-based banking facilities as on March 31, 2020 and zero long-term debt.

We are constantly focusing on deepening our integration and driving excellence across the operational canvas.

6,999%
Total shareholder return since divestment in 2002

108%
5-year average dividend payout

30%
5-year CAGR in mined metal production at underground mines

18%
5-year CAGR in silver production volume

1.123 MN MT
Integrated metal capacity

1.2 MN MT
Mined metal capacity

800 MT
Silver capacity

ZERO DEBT^
Balance sheet

52%
3-year average EBITDA margin

$2.89 BN
Net cash



2.41X WATER POSITIVE
Certified by DNV-GL

FIRST DRY TAILING PLANT IN INDIA
Managing our tailings

348.5 MW
Renewable energy

Our Value Creation Model

Optimising **Our Resources**

INPUTS

FINANCIAL CAPITAL

Equity capital
₹845 Crore#

Net cash
₹21,596 Crore#

Reserves and surplus
₹39,465 Crore#

PAGE 16

MANUFACTURED CAPITAL

Project capex
₹1,600 Crore#

Fixed assets
₹32,109 Crore#

PAGE 18, 50

INTELLECTUAL CAPITAL

Collaborations/memberships with technical institutes
7#

Patents filed
4*

PAGE 20, 54

HUMAN CAPITAL

Employee benefit expenses
₹689 Crore*

Safety training hours
0.72 mn*

Learning and development hours
0.16 mn*

PAGE 18, 77

SOCIAL & RELATIONSHIP CAPITAL

CSR spends
₹131.7 Crore*

Supplier base
1,100+#

Trade body memberships
7#

PAGE 18, 72

NATURAL CAPITAL

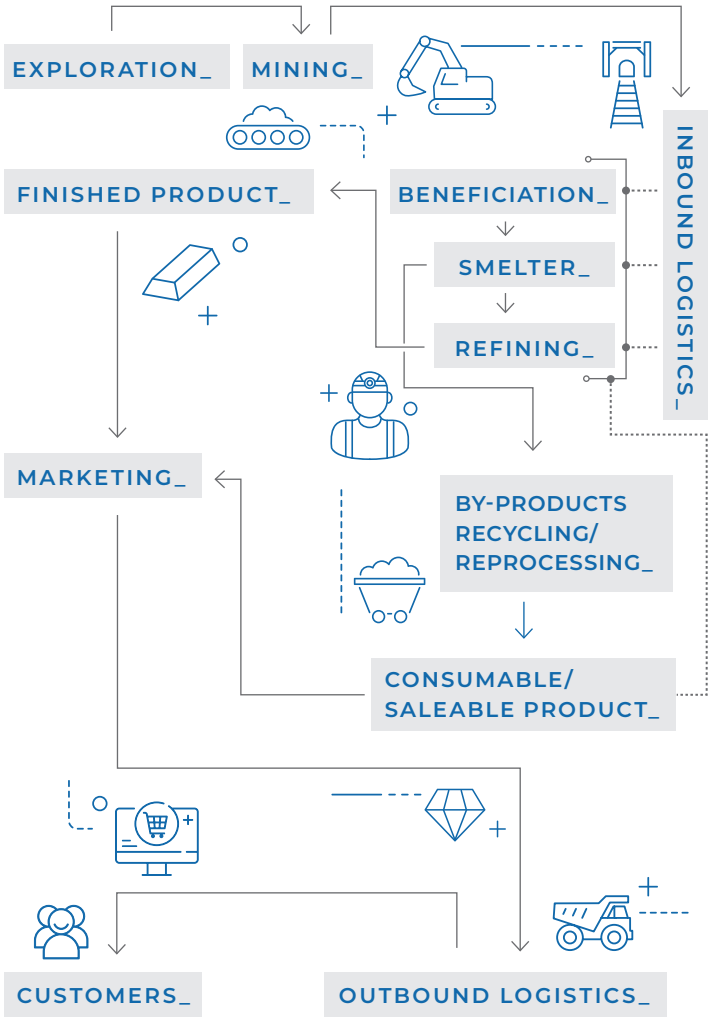
R&R: 403 mn MT#
- Zinc-lead metal: 32 mn MT
- Silver: 898 mn ounces

Energy consumption
20.39 mn GJ/MT of metal*

Water consumption
14.51 mn m^3 per MT of metal*

PAGE 19, 66

OUR PROCESS CHAIN



VISION, MISSION AND VALUES
PAGE 4

EXTERNAL ENVIRONMENT
PAGE 26

RISK MANAGEMENT
PAGE 44

OUR STRATEGIC PRIORITIES

PAGE 36



Expansion of capacities



Maintaining a portfolio of mines with long life



Strengthen cost leadership



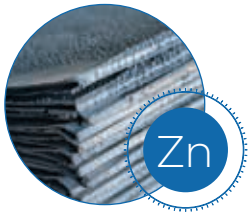
Expansion of product portfolio



Transition to a circular economy

OUTPUTS

Production volume



6,88,286 MT*
Zinc



1,81,370 MT*
Lead



610 MT
Silver

OUR ENABLERS

- Business excellence
- Digitalisation
- Customer-centricity

OUTCOMES

FINANCIAL CAPITAL

Revenues
₹18,561 Crore

EBITDA margin
48%

Interim dividend per share
₹16.50

MANUFACTURED CAPITAL

Mine life (average)
25 years+#

- Among the world's lowest cost producers of zinc
- LME and LBMA grade products
- Share of value-added zinc products up to 18.5% in FY 2019-20 from 16% in FY 2018-19

INTELLECTUAL CAPITAL

Patents granted
1*

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

HUMAN CAPITAL

Revenue per executive employee
₹6.8 Crore*

% women in the executive workforce
14%#

SOCIAL & RELATIONSHIP CAPITAL

Beneficiaries from CSR initiatives
5 lakh+*

Suppliers assessed based on safety
668*

Customer Satisfaction Index
82%

NATURAL CAPITAL

Properties powered by renewable energy
10#

Reduction in GHG emissions
2.87%*

Waste recycled
31%*

Water recycled
39%*

#As on March 31, 2020 *During FY 2019-20

Focused on Opportunities **in a Changing World**



Industrial activity across the globe is undergoing a level of disruption unforeseen since the Second World War. In these challenging times, our focus is on maintaining business continuity and the safety of our people as well as operations, besides providing critical support to our communities that have been impacted by the pandemic. We have ramped up our operations to normal levels and are confident on delivering a good performance, going forward.

The rapidly evolving ecosystem gives us an opportunity to identify avenues where substantial value can be generated by focused efforts and rational capital allocation. With our key long-term focus to enhance stakeholder value, we are expediting our technology commitments, which are in turn tightly intertwined with the cost optimisation programmes across our mining and smelting value chain.



GOVERNMENT IMPETUS

The regulatory environment for mining in India has undergone significant changes in the recent past with some landmark decisions being undertaken by the government to promote private participation in the mining sector under 'Aatmanirbhar Bharat Abhiyaan' (Self-sufficient India Drive). The slew of structural reforms in the mining industry announced recently begins with the opening of coal mining and auctioning of coal and mineral blocks in a composite exploration-mining-processing regime. These reforms build on the 'National Mineral Policy, 2019', which aims for enhanced private participation, increased transparency, effective regulation and sustainable mining practices.

The commitment of the Indian government towards driving sustainable growth of the economy is encouraging. It creates various opportunities for us and will help us create value for our stakeholders while contributing towards nation building.



CLIMATE CHANGE

Climate change is real and has posed most formidable challenges around fundamental aspects of human life, including food, water, land, health and livelihood. Unless people, communities and nation are satisfied in these aspects, the social and regulatory license to operate will be at risk. We operate our mines in close proximity to 189 villages that surround our operations. Business continuity and sustainability are therefore inextricably related to finding viable solutions for deepening community relations and reducing our environmental footprint.

We see this as an opportunity to rethink and redesign our future by evolving from a 'linear' to a 'circular' economy to establish a sustainable industrial model. This is well embedded in our sustainability framework, which has put in place processes to reduce, reuse and recycle our waste; maintain zero discharge; manage pollution; use renewable power and adopt best-in-class practices to diminish our environmental footprint. Furthermore, we are increasing the share of local suppliers to promote local production as well as investing more in social projects related to health and livelihood.

Our efforts have reaped exemplary results in water conservation through sewage treatment, rainwater harvesting, dry tailing treatment and zero discharge, thereby making more water available to our communities for drinking and agriculture in the water-scarce state of Rajasthan.



TECHNOLOGY ENABLER

Technology has emerged as the biggest disruptor and enabler of almost all industries of the world. Within mining, these new technologies comprising IoT and big data analytics are being used for increasing productivity and safety of operations by providing visibility and insights into the mining value chain, which hitherto deemed impossible.

We have been investing in creating mines-of-the-future. We are establishing a high-speed wireless network in underground mines to track assets, get real-time telemetry data and connect IP-based sensors and Programmable Logic Controllers (PLCs) to serve many IoT use cases such as underground traffic management, tele-remote operations, Ventilation-on-Demand and fleet management.

We are integrating our entire value chain from mine to metal and creating predictive models for metal recoveries, critical components failure and more. Latest technologies such as drone and Augmented Reality (AR) / Virtual Reality (VR) are being experimented for use cases around safety, surveying and mine planning. Consequently, our operations are becoming more real time, safe, transparent and predictive.



GROWING PRODUCT DEMAND

Demand for zinc is likely to remain buoyant going forward both from traditional sectors as well as emerging applications of the metal. Demand for steel – the largest consumers of zinc products in India – remains resilient and is expected to grow at a CAGR of 6.5% till 2030 (as per the Ministry of Steel). This, in turn, will aid demand for zinc, particularly in construction, infrastructure, railways and automotive sectors. Upcoming airports, road projects and smart cities, electrification projects and transmission corridors will keep the demand for zinc robust.

We have re-engineered our melting and casting process to offer VAP to suit the specific needs of our key customers in the steel and alloys industry. These products, together with our focus on recoveries of minor metal, offer an opportunity to create further value for all our stakeholders.

Some of the emerging areas of zinc applications include newer battery technologies such as zinc-air hybrid flow batteries, which are highly cost effective and have a longer life. Fertiliser and pharmaceutical sectors are also likely to drive demand for zinc over the medium term.

Knowing Our **Stakeholders Better**

We are committed to creating enduring value for all our stakeholders. Our approach is to regularly engage in intensive and extensive dialogue with stakeholders to better understand their aspirations, collectively evolve feasible solutions and build a cogent plan of action. We have also instituted a thorough review mechanism of our stakeholder interactions and outcomes achieved to measure progress

OUR STAKEHOLDERS_



EMPLOYEES_



CUSTOMERS_



SUPPLIERS_



COMMUNITIES_



GOVERNMENT_



SHAREHOLDERS_

Stakeholder Group	Employees	Customers
Relevance to Hindustan Zinc	Our employees are at the heart of our operations. Their productivity, collective knowledge and experience are of great relevance in meeting the business' objectives.	Understanding and meeting our customers' expectations are of critical importance to us as they determine the quality and pricing of our products. We innovate and develop products and solutions based on customer requirements and also collaborate with them.
Engagement Platforms	• Intranet and in-house newsletters • Training programme • Town hall meetings between senior management and employees • Employee surveys (annual) • Suggestion scheme • Appraisal meetings • Mentorship programme	• Industry leading CRM platform for continuous engagement and feedback • Top-to-top periodic connects with key customers • Biennial customer satisfaction survey • Customer query resolution • Tailor-made value propositions on customer demand
Key Issues/ Expectations	• Scope of learning and growth • Remuneration and benefits • Equal opportunities • Promotion of occupational health and safety	• Consistent quality of products and services • Quick resolution of complaints and grievances • Appropriate information on products and services • Platform to address technical, pricing and other queries • Just in time inventory availability • Pricing options
Engagement During the Year	• Hindustan Zinc and IIM-Udaipur partnered to offer MBA to selected employees under a work integrated learning programme • Introduced the diversity and inclusion policy • Town halls at head office and at sites • CEO connects • Focused diversity connects • Mentorship for engineering and management trainees • Learning and development workshops	• Quarterly interaction with all contractual customers • Executive committee meetings for strategic engagements • Site visits for key customers • Selective engagement for developing customer-centric solutions such as e-commerce and vendor-managed inventory
Value Delivered	• Employee benefits: ₹689 Crore* • 7% attrition rate of employees • 14.4% female diversity in executive workforce, up from 12.8% last year	• Share of VAP increased to 18.5% in FY 2019-20 • Launched dedicated technical and support services for all key customers • Three new branch offices to reduce average delivery times • Integrated supply-chain services

*During FY 2019-20

Stakeholder Engagement continued

Stakeholder Group	Suppliers	Communities
Relevance to Hindustan Zinc	Our operational efficiency is closely intertwined with the value-chain partners, including timely supplies and logistical efficiency. We also ensure our suppliers abide by the highest standards of environmental and social management so that Hindustan Zinc's brand reputation as a responsible sourcing firm is intact and sustainability objectives are met.	As a conscientious entity, our harmonious co-existence with our communities provides us our social licence to operate.
Engagement Platforms	• Contract negotiations, supplier code of conduct, policies and standards • Supplier meetings • Supplier sustainability assessment • Vendor due diligence • Pre-qualification meetings • Site visits for key suppliers • Helpdesk for supplier query resolution	• CSR initiatives • Grievances mechanisms • Project Steering and Advisory Committee meetings • Leadership community connect • Community Impact Assessment survey conducted once in three years (last in FY 2018-19)
Key Issues/ Expectations	• Building of fair and long-term business relations • Effective information sharing towards better partnerships • Technical knowledge exchange • Other collaborations, contract terms and conditions	• Improve standard of living for people in surrounding villages • Water conservation and clean water availability for communities • Local employment • Local sourcing • Community engagement and development initiatives
Engagement During the Year	• Critical suppliers' assessment • Critical supplier review by the senior management • Contractors' skill enhancement programme • Ru-ba-ru and Confluence saw senior management engage directly with key business partners	• CSR Coach Visit – Location Exco members assigned one village each for development initiatives • Monthly Community Connect – CSR team meetings with community leaders and members • Meetings with civil societies
Value Delivered	• We are expanding our ancillary facilities in Dariba Smelting Complex (DCS) and Chanderiya Lead-Zinc Smelter (CLZS) to manufacture quality, consumable and saleable products by recovering value from waste • 59 suppliers engaged in supplier development activities • Safety trainings held for contractual workforce at all mines and smelters	• 5 Lakh+ beneficiaries from our CSR initiatives • 1,083 youths engaged through skilling initiatives in 10 different trades • Clean drinking water to 2,500 families across 18 villages via community ROs and water ATMs • Various education initiatives covering over 70,000 children • Women empowerment under our flagship project Sakhi; associated with 26,560 women through 2,161 SHGs • Over 84,000 people serviced in 110 villages through four Mobile Health Vans • During the year, 90 community issues were recorded and 61 resolved

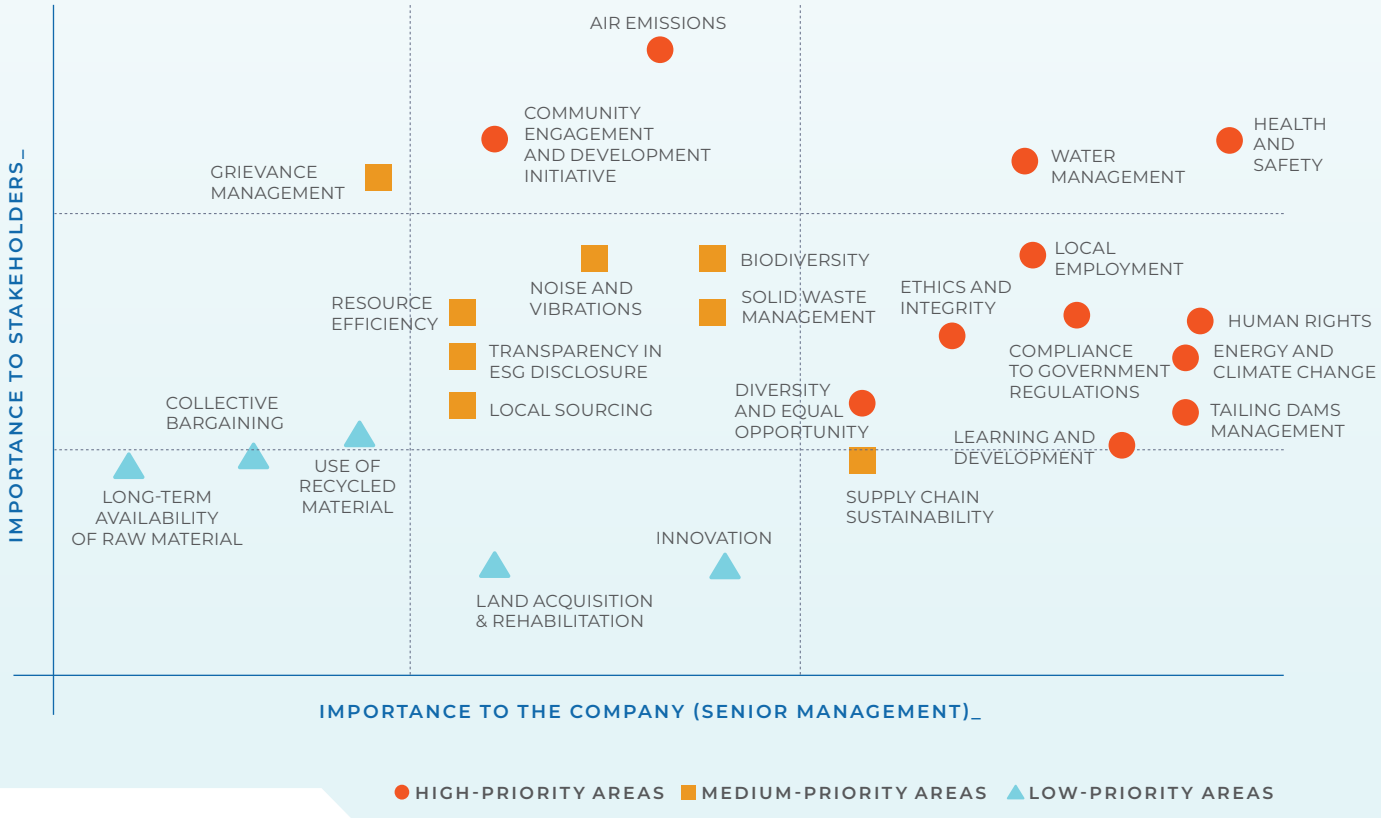
Stakeholder Group	Government	Shareholders
Relevance to Hindustan Zinc	We believe our business plays a significant role in nation-building through our products, taxes and royalties. Our contributions to the local economy and CSR programmes complement the governmental initiatives in the region.	Our shareholders provide valuable support and feedback on operations, management and governance.
Engagement Platforms	• Advocacy through trade and industry bodies • Close engagement with regulators, local administration, inspection bodies on a regular basis • Partners in the government's social programmes • Regulatory and legal compliance	• 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
Key Issues/ Expectations	• Compliance with regulations • Support local government in community employment and skill development • Participation in industry and government-collaborative projects • Nation self-sufficiency in metals by replacing imports	• 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 During the Year	• Engagements with the railway ministry and steel ministry to use galvanised railway tracks • Applied and received environmental clearances for a few projects • Rainwater harvesting, pond deepening projects and sewage treatment plant in collaboration with relevant authorities • Our CSR project 'Khushi' acts as a partner in the government's Integrated Child Development Programme	• Annual General Meeting covering key performance indicators, the Company's strategy and the way forward • Regular interactions with investors and research houses • During the year, four earning calls and two investor site visits to our mines and smelters were organised
Value Delivered	• ₹9,150 Crore contribution to the exchequer • Generated net foreign exchange worth ₹3,668 Crore through exports • Capacity setup for 3 mn cubic metre of water through sewage treatment plant projects	• Interim dividend of ₹16.5 per share in May 2020 • Total shareholder return of 48% over the last five years

Identifying, Assessing and Addressing **Issues that Matter**

In an ever-changing operating scenario, now more than ever, it is extremely important for us to not only be cognisant of, but also to address, the issues that have the potential to create or destroy value. Therefore, we undertake a detailed materiality assessment once every three years.

This exercise plays a pivotal role in the way we frame our strategy. During FY 2018-19, we engaged a third-party consultant to carry out a detailed assessment involving an extensive set of internal and external stakeholders. Safety performance and Vedanta Sustainability Assurance Programme (VSAP) scores are linked with KPIs and performance bonus of the senior leadership and all employees. VSAP scores assume compliance with Vedanta Sustainability Framework, which includes the material issues of the Company.

MATERIALITY MATRIX



High-priority Areas	Health and Safety	Water Management	Learning and Development	Compliance with Government Regulations
				
Relevance of this Issue to Our Business	Health and safety of our people is our top priority and we try to make our workplace free of fatalities, injuries or occupational diseases.	Water is a key natural resource we are dependent on. As we operate in a water-stressed region, conservation of water is important to us.	To facilitate the long-term career growth of our employees, we play a significant role through training and learning and development. It also helps us expand our know-how.	We strictly follow the applicable laws and regulations at all our operations and we also ensure that regulatory compliance is maintained across the value chain.
Operational Boundary	Internal	Internal and external	Internal	Internal and external
Potential Impact on Our Business	Over the years, focus on the Company's health and safety performance has intensified. Failure to ensure health and safety could result in increased cost or litigation, reduce availability of manpower or threaten the viability of operations in worst-case scenarios.	Inefficiency in managing water can impact us and our communities significantly. In the worst-case scenario, it can lead to lack of cooperation from communities and/or risking the viability of our operations.	Failure to facilitate sufficient learning and development could lead to higher employee attrition, affect our employer brand and overall reputation.	Any delay or failure to comply with government regulations could lead to heavy penalties, legal action and affect our reputation. In the worst-case scenario, it can threaten the viability of our operations.
KPI to Measure Progress on this Issue	• LTIFR: 1.38* • Safety trainings: 0.72 mn man-hours • Occupational illness cases: Zero	• Freshwater consumption: 18.28 mn m^3* • Reduction in specific water consumption: 7.76%*	• 1,133 learning and development programmes conducted	• Digital tracking of reported legal cases, fines and other non-compliance issues with regards to the applicable laws and statutes
Strategies Addressing this Issue	S1 S3 S5	S5	S1 S2 S3 S5	S2 S5
SDGs Impacted	3 GOOD HEALTH AND WELL-BEING	6 CLEAN WATER AND SANITATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS; 17 PARTNERSHIPS FOR THE GOALS

*During FY 2019-20

Materiality continued

High-priority Areas	Tailing Dams Management	Air Emissions	Energy and Climate Change	Ethics and Integrity
				
Relevance of this Issue to Our Business	Malfunctioning tailing dams can cause huge environmental impacts and that's why, managing them responsibly is our top priority.	We aim to minimise air emissions and reduce impact on the environment and local communities.	Climate change is an issue that affects our business and creates both challenges and opportunities for our business and communities.	Corporate ethics and integrity are ingrained in all our business transactions and we take utmost care in upholding the same.
Operational Boundary	Internal	Internal and external	Internal and external	Internal and external
Potential Impact on Our Business	In the worst-case scenario, impact can lead to loss of life, injuries and damages to the environment and to our Company's reputation. It also entails significant financial costs and production halts.	Failure to comply with emission norms and minimise air emissions could lead to higher cost of fossil fuels, imposition of levies/ fines, rise in costs related to monitoring and reporting, among others.	Failure to comply with regulations related to climate change could lead to imposition of fines, higher cost of compliance, and so on.	Any discrepancies on this front can hamper our relationships with all stakeholders and in extreme cases could threaten the continuity of our operations.
KPI to Measure Progress on this Issue	• Zero incidents associated with existing tailing facilities	• Reduction in PM emission: 11%* • Reduction in SOx emission: 24%*	• Reduction in GHG emission (Scope 1 and Scope 2): 2.87%	•Tracking of the number of unresolved whistle-blower and code of conduct non-compliance cases
Strategies Addressing this Issue	S1 S5	S5	S3 S5	S1 S2 S3 S4 S5
SDGs Impacted	9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 15 Life on Land	12 Responsible Consumption and Production; 13 Climate Action	7 Affordable and Clean Energy; 13 Climate Action	8 Decent Work and Economic Growth; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals

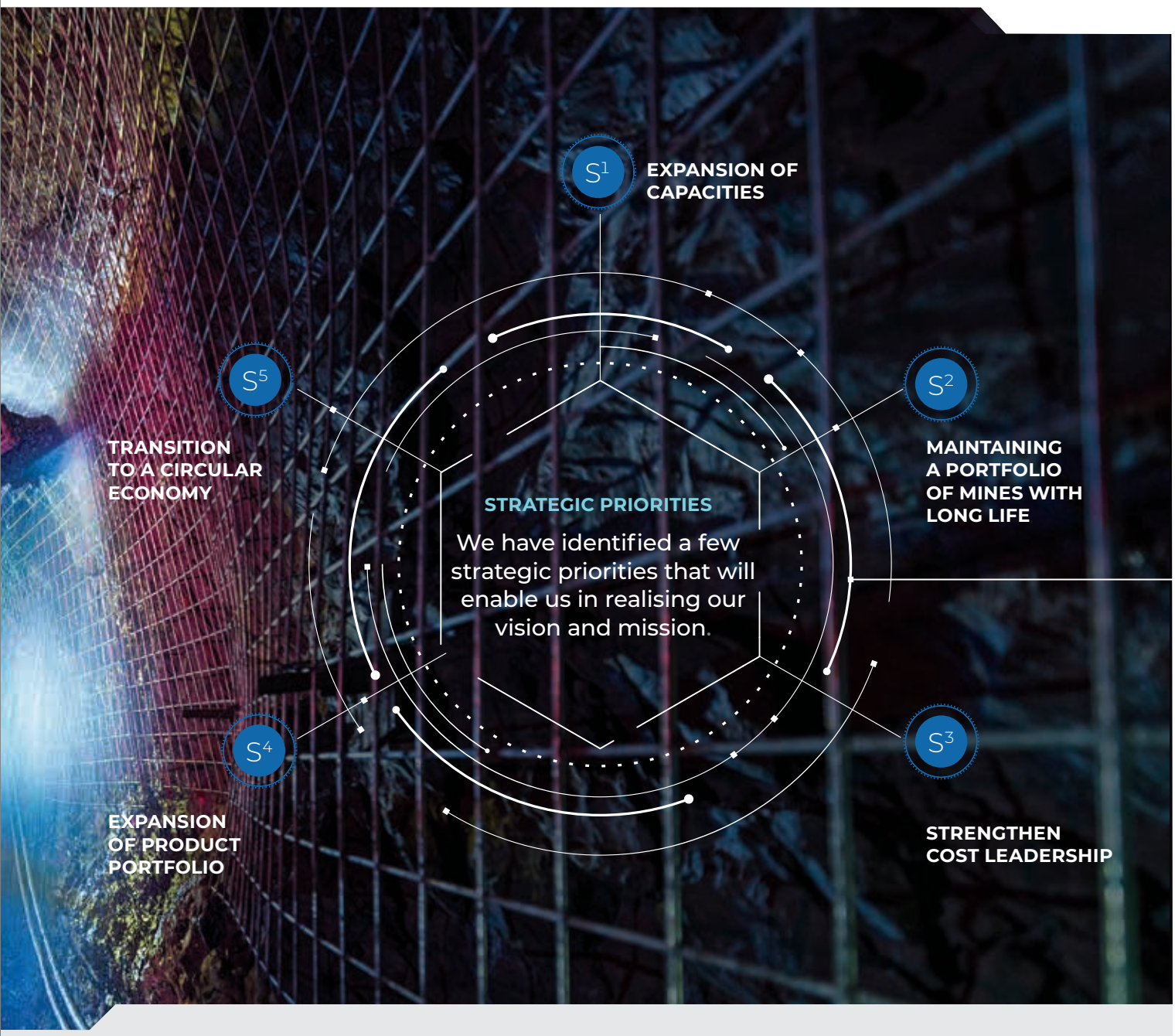
#As on March 31, 2020 *During FY 2019-20

High-priority areas	Community Engagement & Development Initiatives	Local Employment	Diversity and Equal Opportunity	Human Rights
				
Relevance of this Issue to Our Business	We play a significant role of being a catalyst for socio-economic development of the region where we operate.	We contribute to the development of the local economy through direct employment.	We encourage diversity at workplace because it enhances the collective experience and skill set of the organisation.	Our commitment to human rights is reflected in our values, policies and actions. We seek to respect and protect human rights across our operations and value chain in all possible ways.
Operational Boundary	External	Internal	Internal	Internal and external
Potential Impact on Our Business	Failure to work closely with our communities can impact our relationships with them, affect our reputation and in extreme cases, affecting our social license to operate.	Inability to generate local employment can affect our relationship with the community and have an adverse effect on our reputation and our ability to attract the best talent from the industry.	Inability to promote diversity and equal opportunity could affect our employer brand and overall reputation.	Any discrepancy on this front can lead to imposition of fines, legal actions and affect our ability to attract talent. It could also impact our reputation significantly.
KPI to Measure Progress on this Issue	• Beneficiaries from CSR initiatives: 5 lakh+*	• % of local people employed at our facilities: 51%#	• Female diversity within executives: 14%* • Overall female diversity of workforce: 10%*	• Zero complaints relating to child labour, forced labour and involuntary labour
Strategies Addressing this Issue	S5	S3 S4 S5	S5	S1 S2 S5
SDGs Impacted	1 NO POVERTY, 3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 6 CLEAN WATER AND SANITATION, 11 SUSTAINABLE CITIES AND COMMUNITIES	8 DECENT WORK AND ECONOMIC GROWTH	5 GENDER EQUALITY	10 REDUCED INEQUALITIES, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Strategic Priorities

Seizing Future **Opportunities**





OUR ENABLERS

Business Excellence
It is our constant endeavour to achieve higher business excellence across all aspects of our operations by pushing the bar higher every day and setting new milestones. Our Business Excellence team ensures that best-in-class practices of identification and resolution of process bottlenecks are followed across the organisation. The adoption of latest technology, benchmarking, innovation and asset optimisation are the key enablers for us.

Digitalisation
We have strong focus on infusing a digital way of working across all verticals of operations. Digital connectedness of our mines and operations is driving process efficiency and safety. This focus has enabled us to continuously improve existing practices at every level of our value chain. All our underground operations are becoming safer, transparent and predictable.

Customer-centricity
Our widespread distribution network enables us to remain closer to our customers and serve them in an efficient manner through lower inventory-carrying costs and lead time. Further, we facilitate visits of internationally acclaimed industry experts to our customers' facility to understand their process and suggest the appropriate technology, products and processes.

Strategic Priorities continued



S1

EXPANSION OF CAPACITIES

We have completed all major projects to build capacity of 1.2 mn MT per annum of mined metal. To achieve our vision of becoming the largest zinc-lead and silver company in the world, we will ramp up our production to the design capacity. Simultaneously, we are planning the next phase of mining expansion by increasing ore production to our target of 25 mn MT per annum. We are also fundamentally changing the way we operate to accelerate mine development rate, improve productivity and optimise cost.



S2

MAINTAINING A PORTFOLIO OF MINES WITH LONG LIFE

We are ensuring longevity of our mines by adding more to R&R than depletions through exploration in and around the existing and new deposits. All our deposits are open at depth and there is an opportunity to increase and upgrade resources through targeted surface and underground drilling. We are upgrading galena zone at Rampura Agucha, exploring a new ore body below shaft at Sindesar Khurd and establishing new lenses at Zawar and making deep extensions of the main lens at all mines.



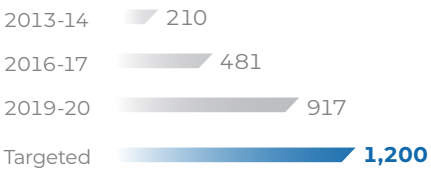
S3

STRENGTHEN COST LEADERSHIP

We are among the lowest cost producers of zinc-lead in the world. To maintain this competitive advantage, we have a cost optimisation programme that focuses on reducing the cost of production of zinc. Apart from volume ramp-up, this involves use of technology, automation and innovation to increase ore-to-metal index, increase asset productivity, optimise power, increase efficiency and generate value from waste. Some of the initiatives like shaft hauling, digitalisation, autonomous vehicles, ancillary plants and the power optimisation, among others, have already been put in place and will lead to cost reduction in the coming year.

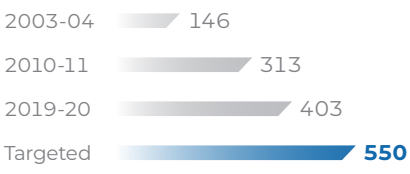
Underground (UG) Production

(MIC production, kt)



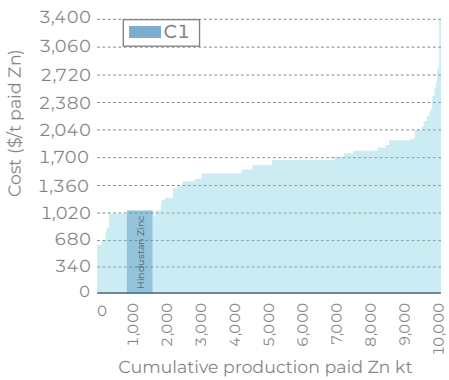
Ramping up R&R

(total R&R MN MT)



Keeping Costs under Check

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



Source: Wood Mackenzie



S4

EXPANSION OF PRODUCT PORTFOLIO

Our foray into recovery of minor metal from smelter residues to produce high value-add forms of copper, cadmium, antimony and silver will cater to a growing market for these products. For this, we are significantly expanding our capacity for minor metal recovery over the next two years.

In our primary metals portfolio, we have adopted a customer-centric approach to increase penetration of VAP by increasing awareness about technical and commercial benefits of VAP. In addition, we are developing new products by identifying downstream applications. In the coming year, we plan to launch new products in lead alloys and increase the penetration of zinc alloys.

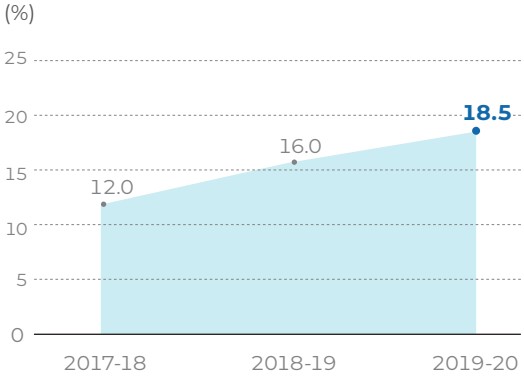


S5

TRANSITION TO A CIRCULAR ECONOMY

We are using technology and innovation to reduce-reuse-recycle waste and restore natural systems, including water and land, to transition to a circular economy. We are embracing low-carbon and less-emission technologies, increasing renewable energy capacity and constantly reducing the GHG emission of our operations. We are increasing local sourcing to bolster local economy and community well-being. Product stewardship will be a focus area.

Rising Share of VAP in Our Sales



Sustainability Goal 2025

0.5 MN tCO_2e
GHG emission savings from base year 2017

5.0x
Water positive from current 2.41x

3.0x
Increase in gainful utilisation of smelter waste

100%
Responsible sourcing

Managing Capital Trade-Offs

A Balanced **Approach**



	S1 EXPANSION OF CAPACITIES	S2 MAINTAINING A PORTFOLIO OF MINES WITH LONG LIFE
FINANCIAL CAPITAL	Leveraging strong balance sheet to invest in value accretive projects Higher profits in mid and long term	Higher spending on R&R additions and new tenements Sustained production growth
MANUFACTURED CAPITAL	Automated and digitally integrated value chain Improved ore-to-metal ratio through higher recoveries and efficiency	Higher reserve base to 200 mn MT, taking R&R to 550 mn MT in mid term New tenements will create new mines in the long term
INTELLECTUAL CAPITAL	Innovation around metal recovery Digital best practices replicated across sites Enhanced market position	Creation of a proprietary database on potential deposits
HUMAN CAPITAL	Training and skill development Optimal manpower Higher productivity	Trained pool of geologists and geophysicist Global exploration experts
SOCIAL AND RELATIONSHIP CAPITAL	Local employment and sourcing Increased social spending Higher contribution to the exchequer	Resource sufficiency for the nation Sustained livelihood for communities
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

Positive Negative



S3 STRENGTHEN COST LEADERSHIP

- Lower per unit cost of production by $100 per MT leading to higher profits
- Invest in new-age technologies for operational excellence
- Higher equipment effectiveness
- Optimised power and logistics
- Best-in-class mill and smelter efficiencies
- Creation of global benchmarks in productivity and efficiency
- New-gen workforce with differentiated skills of digitisation, AI and best mining practices
- Safe and productive workplace
- Local supply base
- Higher commitment toward community upliftment
- Higher ore-to-metal recovery
- Higher cost credits from residue treatment and sales
- Higher cost credits through increasing minor metal recovery

S4 EXPANSION OF PRODUCT PORTFOLIO

- Investment in new business lines like minor metals
- Higher premiums
- Protection from commodity price volatility
- Modern processing facilities capable of producing a wide range of products
- Development of new products based on research and studies
- Enhanced market perception
- Attract best talent in the industry
- Generate local employment opportunities through ancillaries
- Improved customer relationships
- Environment-friendly consumption norms of VAP
- Recycling and reprocessing of lead

S5 TRANSITION TO A CIRCULAR ECONOMY

- Investments in technologies to optimise, reuse and recycle water resources
- Investments in low-emission technologies and green energy
- Investments in collaborative models for metal reuse and recycling
- Tailing dams for water recycling and land reclamation
- Gainful utilisation of waste
- Smart transportation to reduce GHG emissions
- Higher conversion efficiency of CPPs and increased solar energy
- Patents for processes to reuse materials like Jarosite
- Innovative use of technology in underground mining to reduce GHG emissions
- Build strong in-house R&D capability
- Active employee engagement in HSE initiatives
- 25% higher freshwater availability for communities
- Zero land acquisition for waste storage
- Compliance with stricter regulations
- 17% lower GHG emissions by 2025
- 5x water positive by 2025
- 3x increase in gainful utilisation of waste in smelting by 2025

Positive Negative

Distributing Value Generated

Growing Together

We are committed to creating and distributing long-term value to our stakeholders. Over the years, we have distributed tangible value to our shareholders, investors, business partners, employees, government and the community.

Our approach to business has always been to collaborate with every member of the stakeholder fraternity, understand their aspirations and concerns and build a value paradigm that benefits all. In an operating environment with several downside risks, our value strategy is always reviewed periodically so that we can course-correct and grow profitably and sustainably with a long-term focus.



Wealth Distributed

FY 2019-20

VALUE CREATED_

₹22,850 CR

Gross Income (incl. GST)

VALUE RETAINED_

₹22,109 CR

Retained earnings^#

VALUE DISTRIBUTED_

₹689 CR
Employees

₹132 CR
Community

₹6,837 CR
Taxes&

₹6,093 CR
Suppliers

₹6,972^CR
Shareholders

#As on March 31, 2020 ^Includes Interim dividend paid in May'20 &Gross contribution to exchequer ₹9,150 crore



FY 2018-19

VALUE CREATED_

₹25,588 CR

Gross income (incl. GST)

VALUE RETAINED_

₹22,376 CR

Retained earnings#

VALUE DISTRIBUTED_



₹905 CR
Employees

₹130 CR
Community

₹8,908 CR
Taxes&

₹5,762 CR
Suppliers

₹10,189*CR
Shareholders

#As on March 31, 2019 *Includes Dividend distribution tax
&Gross contribution to exchequer ₹15,505 crore including dividend & DDT of ₹4,233 crore

Ensuring Business **Continuity**



Our risk management culture is deeply embedded in our entire operating ecosystem, which comprises all processes and quality benchmarks that we conform to. Our materiality and risk tolerance are key considerations in our decision-making. We have instituted a formal monitoring process at the unit level and at the Company level, which identifies and categorises existing and emerging risks The risks are mapped to key responsibilities of select managers and managed with appropriate mitigation plans.

Our teams across hierarchies are encouraged to report any type and category of risks through available online reporting platforms and escalate them to the next level. Risk management targets and indicators are also part of the scorecard and performance evaluation process at the management levels and above.

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

Type of Risks	Mitigation Steps	Risk Class	Key Capitals Impacted
Project Execution Risks for Mining Projects Our Company's current and future mining projects may be significantly delayed by failures in timely receival of regulatory approvals, technical difficulties, natural disasters, human resource, technological and other resource constraints, resulting in cost overruns and delayed delivery of our growth plans and negative market perception.	Our expansion to 1.2 mtpa of mined metal is complete and the next phase of expansion is under planning. To reduce the risk associated with a mining project, we conduct project feasibility and development work to establish the new economic production source. Furthermore, we continuously explore newer mining models to achieve accelerated mine development rate, improved productivity and optimised cost.		
Operational Risks Our profitability is dependent on our price realisation, which is linked to zinc-lead LME and silver London Bullion Market Association (LBMA), and our cost of production. A negative movement in prices directly impacts our operating profit. Rising cost of production due to the falling grade of existing mines, higher coal and fuel prices and lower metal recovery also impact profitability.	To offset adverse LME and LBMA price movement, we focus on reducing our cost of production and increase our metal premiums. 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. 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		
People Risk Our Company's inability to recruit and retain skilled manpower might hamper operations and projects. There is limited availability of experienced underground mining contractors in India. Also, digital enablement in operations attracts increased technological skill and specialisation among employees and opportunity for business disruption and risk on the future of the existing workforce.	Investments are being made in suitably trained external and internal workforce with specialised skills in the domains of digitalisation and automation to stay efficient and minimise business disruption. We are hiring expats for specialised 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.		
Financial Risk 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.	We have adopted a conservative treasury policy revolving around capital protection and yield maximisation, 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 programme in place.		

- 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

Risk Management continued

Type of Risks	Mitigation Steps	Risk Class	Key Capitals Impacted
R&R and Discovery Risk 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.	One of our strategic priorities is to extend the life of our resources at a faster rate than we consume them, through a focus on drilling high-potential exploration targets within mine leases. To achieve this, we have a strong exploration organisation, latest tools and technologies and right fit contractors. Additionally, our Company has an active portfolio of tenements where it has preferential rights under MMDRA Act, 2015 at different stages of approval. It also participates regularly in mineral auctions announced by the government.		
Health and Safety Risks 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 Organisation for Economic Co-operation and Development (OECD) standards. All safety and environmental incidents are thoroughly investigated for root cause analysis and to eliminate recurrence. 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 along with being focused on creating a zero-harm culture across the organisation. Tailing dam management has been a recent area of focus, where the Company is implementing the recommendations from the global experts to mitigate 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.		

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

Type of Risks	Mitigation Steps	Risk Class	Key Capitals Impacted
Environment Risk 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 cancellation of Consent to Operate.	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 minimise 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).		
Community Relations Risk 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 our Company's reputation and social license to operate.	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 was study was conducted in FY 2018-19 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 as well as projects for supporting community water requirements, apart from ongoing projects in its focus areas.		
Technology Transition Risk Globally, companies are facing disruptions by digital technologies. Our success depends on our ability to successfully adapt to the emerging technology trends, including digitalisation. This is an emerging risk for the Company.	We have implemented key digitalisation projects, including Collaboration Centre, Project Drishti at mines, Project Sarathi for supply chain automation, and E-volve for real-time quotes 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 road map. To integrate multiple data bases and system, the OSISoft-PI system has been selected and deployment is in progress. We are hiring specialised manpower in niche areas such as AI, intelligent automation and advanced optimisation.		

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

Risk Management continued

Type of Risks	Mitigation Steps	Risk Class	Key Capitals Impacted
Currency and Price Risk The price and demand of our finished products are inherently volatile and remain strongly influenced by global economic conditions. Any fluctuation in finished product prices or currency has direct impact on our revenue and profits.	Exposure to commodity price fluctuations is an integral part of our business and our policy is to sell our products at prevailing market prices. We have a well-defined policy framework wherein no speculative positions are taken and limited commodity hedging is done to achieve month-average rates both in currency and metal prices. We take forward cover for net foreign currency exposure, if the net is payable in foreign currency. We also take forward cover for the next 12 months for projects on a rolling basis.		
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 utilise 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 minimise 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 stabilised 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/back filling and help in manufacturing paver blocks.		

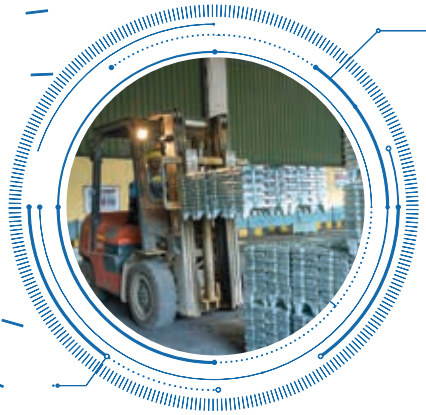
- Risk with high probability and high negative impact on financials
- Risk with medium probability and medium negative impact on financials
- Risk with low probability and medium impact on financials or high probability but negligible impact on financials

Type of Risks	Mitigation Steps	Risk Class	Key Capitals Impacted
Grey Swan Events This covers emerging risks, but those that are unlikely to occur. One such development at the end of the year was the emergence of the COVID-19 pandemic around the world and the consequent measures taken to contain it, such as the nationwide lockdown. Such events can significantly reduce labour supply and lead to cancelled/unfulfilled customer orders, interruption in supply chain management and availability of support services. They can lead to closure of all the mining and operating facilities and result in operating loss.	Continuous scan of environment 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 function • Identify key dependencies and other areas that could possibly effect the operations • Possibility of remote working for core operations to be determined keeping in mind these kind of medical emergencies where human intervention is drastically reduced • Practice test of this pandemic response after its formation		
Political, Legal and Regulatory Risks Non-compliance with applicable laws and regulations as well as changes in the government policies around royalty mechanism or rates, reduction in export incentives, tax structure, cancellation 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.	We have a strong team of professionally qualified experts to manage compliance with laws and have built in adequate 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.		
Cyber Security Risk With the ever-increasing reliance on 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 organisation's smooth operations and performance. Hacking of operational system may bring complete organisational operations to a standstill, which can lead to production, operational and financial loss to the Company.	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.		
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 adhere to a strong Code of Conduct and encourage reporting of irregularities through its 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 /authorisation controls and consequence management. We are strengthening controls surrounding IT security through physical access control and logical access management.		

- 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

Zinc

Long-term Prospects **Remain Intact**





NEAR-TERM PRICING HEADWINDS

Zinc LME prices remained volatile during FY 2019-20, starting off the year at $3,000 per tonne plus levels and gradually cooling off on the back of continued trade tensions between the US and China. This downward spiral started waning off from September in anticipation of a trade agreement between the two countries. Later, the phase one trade deal provided some support to prices, only to fall subsequently with the outbreak of the COVID-19 pandemic, which pushed prices below $2,000 per tonne by March 2020.

Overall, the price of the metal recorded an average decline of 12% when compared to FY 2018-19 in spite of average inventory with the exchanges remaining less than a week of global consumption.

Average Zinc LME Cash Settlement Prices

($/t)

2018-19	2,743
2019-20	**2,402**

Source: Fast Markets

ZINC DEMAND-SUPPLY DYNAMICS

In FY 2019-20, the zinc market continued to remain in deficit though the gap between refined supply and demand narrowed. Refined metal supply increased by 5.1%, mainly due to increase in Chinese refined metal output as smelters restarted after temporary shutdowns due to environmental regulations. The rest of the world recorded a decline in production due to a combination of factors such as the forced shutdown of major smelters due to technical issues and delays in a couple of big projects.

Zinc consumption, on the other hand, declined by 3.3% during FY 2019-20, primarily due to sluggish economy leading to weakening demand from the automotive and construction sectors and the pandemic outbreak in the last quarter.

In India, zinc demand until Q3 FY 2019-20 was not impacted and almost remained at FY 2018-19 levels amid a steady rise in the usage of galvanised steel by various sectors, especially infrastructure. In Q4, zinc demand contracted with the outbreak of the pandemic and the ensuing nationwide lockdown, which halted manufacturing activities. Overall, this led to a contraction of 2.5% in the primary zinc market demand for FY 2019-20.

OUTLOOK

More than 25% of global annualised zinc supply has been impacted by lockdowns and workforce curtailments. In several countries across the globe, plans to restart mines or resume normal production have been pushed back due to restrictions and short-term absenteeism. The decline in LME prices may have also made many mines economically unviable. If these prices persist, some high-cost miners may be forced to shut their operations and new investments may get delayed, pushing the mine supply to a deficit versus demand for concentrates by smelters. This will, in turn, provide support to metal prices and reduce the treatment costs charged by smelters to the mines. According to Wood Mackenzie, mine production is expected to contract by 4% with a further downside risk, given the ongoing situation.

Some of the Chinese smelters have resumed production towards the end of March while smelters in the rest of the world are being impacted by manpower issues.

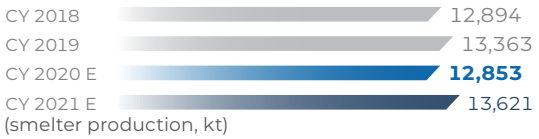
With the constraints on mine supply, it is expected that smelters will also cut output, as was reflected in the fall of China spot TCs for imported concentrates from $265 to $185 at the end of April.

On the global zinc consumption side, the demand is expected to contract for the third consecutive year due to lockdowns, boundary closures and restricted movement. However, prices are likely to move upwards as the impact of coronavirus pandemic wanes off in the latter half of the year.

Overall, we expect that zinc metal supply will match up to its demand and while the warehouse stocks may trend up in the near term, the zinc price will find support from lower mine and smelter production this year. Both supply and demand are expected to recover in 2021 as the impact of pandemic fades and normalcy returns.

Trends in Production and Consumption

(mine production, kt)



(smelter production, kt)



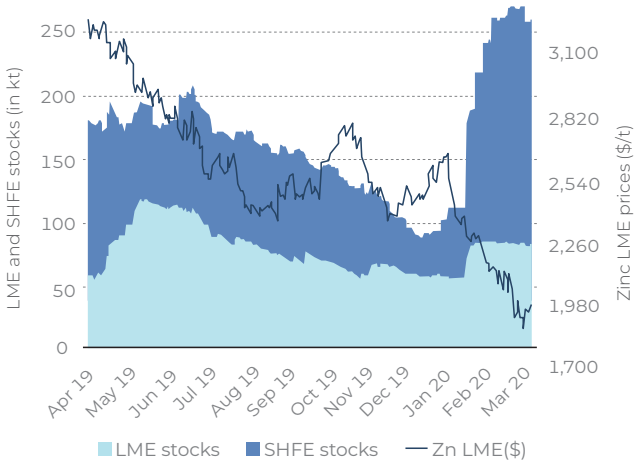
(consumption, kt)



Source: Wood Mackenzie

Refined Metal Stocks

(Zinc LME, SHFE stocks and prices)



Source: Fast Markets

*SHFE - Shanghai Futures Exchange

OPPORTUNITIES IN THE INDIAN MARKET

- Under-penetration of galvanised products in car bodies in India - 70% galvanisation benchmark in Body-in-White (BIW) for developed countries offers huge potential versus the Indian average at 20%
- Healthy demand driven by the 100% rural electrification programme
- Finance ministry's focus on ₹1 Lakh Crore investment in electricity, road and new airports
- Target to complete electrification of Indian railways in three years - ~13,675 km at a cost of ₹12,134 Crore will boost the demand for zinc
- New demand to come from Continuous Galvanised Rebar (CGR) as the industry realises its significant benefits, including the overall increase in life of projects and enhanced safety
- The World Bank, along with the International Zinc Association, is working in the state of Rajasthan to increase awareness on the importance of zinc in crops through balanced fertiliser use

A SNAPSHOT OF OUR PERFORMANCE AND OUTLOOK

- We maintained our market share in primary zinc for FY 2019-20 and target to increase it further in FY 2020-21
- We have increased our VAP sales from 16% to 18.5% in FY 2019-20, which is expected to reach 25% of our total sales in FY 2020-21
- We resolved all customer complaints through our online CRM system and have offered just-in-time inventory to our long-term partners
- Hindustan Zinc will be the first producer in the non-ferrous industry in India to launch its own e-commerce platform 'E-volve'. This platform will help customers with real-time pricing and seamless click-buy facility for zinc, lead and silver. The e-commerce platform will also help reach the small and micro customer segment, thereby gaining additional market share of 2% in FY 2020-21

HINDUSTAN ZINC

Lead



Traction in **Energy Storage**

FUNDAMENTALS HOLD THE PRICE SUPPORT

In sync with prices of other base metals, lead prices too headed south amid intensifying trade disputes between the US and China. Weakening global economy, spread of COVID-19 and falling automotive sales were other factors exerting a downward pressure on lead prices. The average lead prices were at $1,952 per tonne during the year, down by 8% over FY 2018-19. LME stocks remained flat during the year.

Average Lead LME Cash Settlement Prices

($/t)



Source: Fast Markets

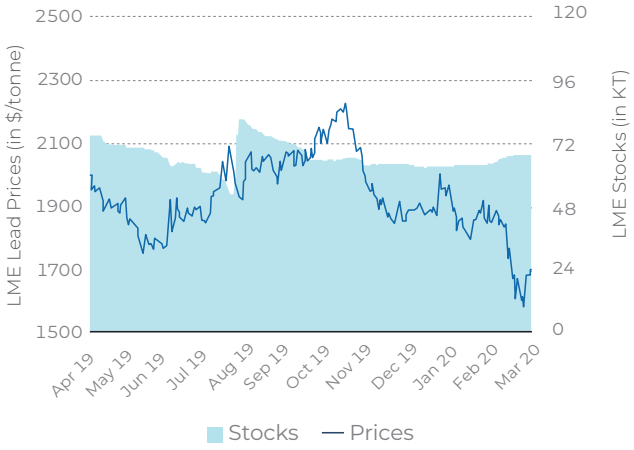
OUTLOOK

Mine production amid the COVID-19 lockdown is expected to contract by 8.2% in CY 2020 and contraction in demand is expected at 5-6%, likely to rebound in CY 2021, bringing the lead market back into balance. Rising adoption of lead-acid batteries due to their lower cost of storage, improved charging time and energy transfer rate will boost demand for lead over the next few years.

LEAD DEMAND-SUPPLY DYNAMICS

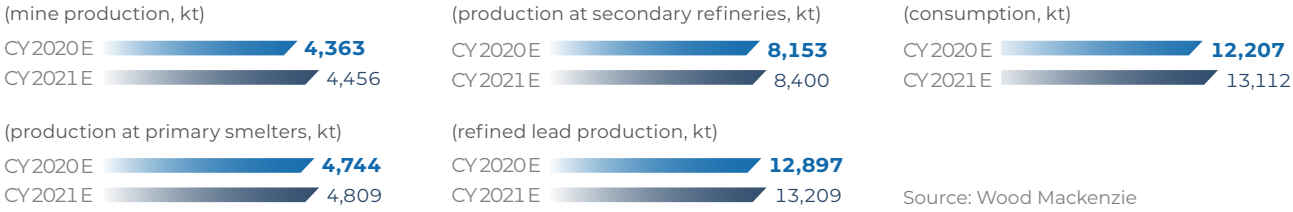
Slowing global economic activity combined with the pandemic outbreak has also affected the lead consumption globally, as demand contracted by 0.8% during FY 2019-20. Overall, the lead market was balanced with higher production from secondary smelters partly offsetting the decline in primary lead production.

LME Prices and LME Stocks



Source: Fast Markets

Trends in Production and Consumption



Source: Wood Mackenzie

OPPORTUNITIES IN THE INDIAN MARKET

- Adoption of the start-stop (idle-stop) technology in conventional vehicles will boost demand for lead due to 25% more metal being used
- Growing adoption of Electric Vehicles (EVs) will boost demand for lead auxiliary batteries
- Regulatory push to the renewable energy sector (wind, solar, etc.) will aid demand for lead-acid batteries, which are primarily used as storage devices because of their high capacity and low-cost design
- Demand for high purity lead alloys to increase the life and performance of lead-acid batteries, which will boost the replacement of secondary lead with our LME registered brands

A SNAPSHOT OF OUR PERFORMANCE AND OUTLOOK

- We grew domestic lead sales by 3% in FY 2019-20
- About 86% of our lead production is sold in the domestic market
- In FY 2020-21, we plan to increase sales through new customers via an e-commerce platform
- We have kickstarted a market research for lead-based alloys and are exploring the manufacturing of lead plates for battery manufacturers
- We received no quality complaints during the year from our customers
- We continued to maintain strong relationships with leading Indian battery OEMs and increased our share of wallet with them

Silver

Investor Interest **Deepens**

BENEFICIARY OF THE SAFE HAVEN STATUS AMID UNCERTAINTY

As investors accelerated the shift towards relatively safer precious metals, the average silver price for the year rose 7% from FY 2018-19 to $16.54 per ounce. Rising geopolitical tensions and economic slowdown propelled the US Federal Reserve to announce five interest rate cuts, totalling 2% in the year gone by. While these measures act as a tailwind for silver prices, their benefits will accrue in a gradual manner.



Average Silver Prices

($/ounce)

2018-19	15.41
2019-20	**16.54**

Source: Fast Markets

OUTLOOK

Silver demand and prices move in tandem with investor preference as it enjoys the safe haven status in turbulent times. However, silver also has valuable applications as an industrial metal and has strong demand prospects in industries such as electronic semiconductors, batteries, solar panels, water purification, automotive electronics and LED lighting, all of which augur well for the metal price trend over the medium term.

Going forward, the roll-out of 5G telecom networks is also expected to propel silver demand and will act as one of the important drivers of silver prices. Silver is one of the key components of semi-conductors used for network equipment and other related communication devices.

Silver Demand-Supply Dynamics

(mine production, Moz)		(total demand, Moz)		(market balance, Moz)	
CY 2018	859.2	CY 2018	968.9	CY 2018	(-109)
CY 2019	858.4	CY 2019	962.1	CY 2019	(-103.8)
CY 2020 E	**896.1**	CY 2020 E	**989.0**	CY 2020 E	**(-92.9)**
CY 2021 E	**895.1**	CY 2021 E	**1001.7**	CY 2021 E	**(-106.6)**

Source: Thomson Reuters

OPPORTUNITIES IN THE INDIAN MARKET

- Consistent demand from multiple industries such as brazing alloys, electrical contacts, photography, high-capacity silver-zinc or silver-cadmium batteries, printed circuits and other electronic applications
- Continued demand from investors to achieve higher portfolio diversification
- Photovoltaic demand is an increasing trend driven by the rising popularity and cost-effectiveness of solar power

A SNAPSHOT OF OUR PERFORMANCE AND OUTLOOK

- We are now the sixth largest silver producer in the world
- Introduced silver powder in the Indian market
- E-auctions initiated for better price discovery and higher premium offering equal opportunity and transparency in the process
- International partnerships being studied for efficiency in the silver value chain and application of blockchain technology
- Indian silverware demand fell during the year, but as demand improves, we foresee a gradual resumption



Mines

Growth Strategy **on Track**



As planned, we completed all major expansion projects in FY 2019-20 to achieve mined metal capacity of 1.2 mn MT per annum. This will enable us to ramp up production across our mines and capture a larger pie of the domestic demand. Simultaneously, we are on track to optimise the cost of production due to a combination of factors such as higher volumes, automation and initiatives to enhance overall productivity.

PERFORMANCE IN FY 2019-20

During FY 2019-20, ore production was 14.5 mn MT, an increase of 5% from a year ago, despite the lockdown imposed due to the pandemic in the third week of March 2020.

This performance was driven by strong productivity of the Rampura Agucha and Zawar mines. Mined metal production was 917 kt in FY 2019-20, 2% lower from a year ago, primarily on account of low ore grades at Sindesar Khurd and Kayad mines.

Mines	Ore Mined ('000 tonnes)		Zinc				Lead			
			Feed Grade (%)		Mined Metal ('000 tonnes)		Feed Grade (%)		Mined Metal ('000 tonnes)	
	2019-20	2018-19	**2019-20**	2018-19	**2019-20**	2018-19	**2019-20**	2018-19	**2019-20**	2018-19
Rampura Agucha	**3,940**	3,330	**11.13**	10.75	**381**	358	**1.62**	1.61	**33**	35
Sindesar Khurd	**5,078**	5,311	**3.37**	3.75	**160**	174	**2.05**	2.40	**95**	109
Rajpura Dariba	**1,038**	1,080	**4.85**	5.04	**37**	44	**1.18**	1.20	**7**	9
Zawar	**3,271**	2,865	**2.52**	2.36	**72**	55	**1.94**	1.98	**54**	45
Kayad	**1,139**	1,200	**6.86**	8.16	**70**	98	**0.92**	1.10	**7**	10
Total	**14,465**	**13,785**	**5.64**	**5.85**	**720**	**728**	**1.77**	**1.90**	**197**	**207**

A SNAPSHOT OF OUR PERFORMANCE AND OUTLOOK

	Rampura Agucha Mine	Zawar Mine	Sindesar Khurd
Brief Overview	• One of the largest zinc-lead mine in the world • Positioned in the first quartile of the global zinc cost curve	• Zawar mines is a group of four heritage mines, namely Mochia, Balaria, Zawar Mala and Baroi	• World-class silver-rich mine accounting for about 80% of Hindustan Zinc's silver production • It is among the largest and the lowest cost mines globally and is on track to be India's first fully connected mine
Operational Performance	• Ore production increased by 18% to 3.9 mn MT powered by the recently commissioned shaft • Mined metal production up by 5.3% to 414 kt driven by improvement in mill efficiency • Paste-filling increased by 41% y-o-y	• Ore production ramped up by 14% to 3.3 mn MT supported by production from the large declines at Mochia and Baroi • Mined metal production increased by 26% to 125 kt on account of the all-time high ore production, better grades and improvement in mill recovery	• Produced 5.1 mn MT ore leading to mined metal production of 255 kt • Geotechnical challenges led to lower ore volume and also impacted ore grades • Ramped up production in the second half of the year on the back of rapid development, shaft hauling and faster turnaround time from backfilling
Infrastructure Upgradation and Mine Improvement Initiatives	• Established a surface control room to monitor all underground activities to enhance productivity and improve safety • Digitalisation of the mine under project 'Drishti', enabling real-time tracking of people, equipment, material and deeper integration with auxiliary mining services	• Set up a control room at Mochia and Baroi mines for improved underground communication between machine operators and workforce	• Mine digitalisation to create 'mines of the future' by starting to track underground vehicles on a real-time basis for centralised control and monitoring • Begun centralised task scheduling and management for machine operators using smart devices connected to the control room
Key Safety and Sustainability Initiatives	• Introduced tele-remote-controlled production drilling and loaders • Bulk oil-handling systems installed to prevent secondary spillage in underground operations	• Commissioned a dry tailings stacking plant • Cold-commissioned backfilling plants, including a hydro-fill plant at Mochia mine and a paste-fill plant at Zawarmala mine	• Conducted remote operations of underground machines for enhanced safety • Commissioned second paste-fill plant and ramped it up to its designed throughput • Implemented several energy initiatives, including the installation of rooftop solar modules of 50 kw
Project Update	• Commissioned the main hoisting shaft of 7.5 metre diameter and depth of 950 metre, along with an associated crusher and conveyor system; ore hauling commenced in Q4 FY 2019-20	• Mochia mine's decline integration with Balaria in the near term, which will lead to operational efficiencies	• Operationalised production shaft along with associated conveyor • Ramped up automation systems

Mines continued

A SNAPSHOT OF OUR PERFORMANCE AND OUTLOOK

	Rajpura Dariba Mine	Kayad Mine
Brief Overview	• One of the legacy mines of our Company with the vision to double the ore production from current levels to reach 2.0 mn MT	• The Company's youngest mine, which started in 2013 and now operates at a capacity of 1.2 mn MT
Operational Performance	• Ore production stood at 1.0 mn MT leading to mined metal production of 45 kt	• Produced 77 kt of mined metal from an ore production of 1.1 mn MT
Infrastructure Upgradation and Mine Improvement Initiatives	• Started replacement of short feed jumbos with double boom jumbos to improve drilling rates • Installed new service equipment, including grader, diesel browser, personal carriers, scissor lifters and supervision equipment to achieve higher production targets	• Constructed a fleet-wise parking yard to reduce traffic congestion and machine-to-machine interaction • Undertook several automation initiatives to reduce manual intervention
Key Safety and Sustainability Initiatives	• Committed to migrate to paste-fill and dry tail stacking to enhance water recovery and reduce waste footprint	• Introduced traffic lights with sensors to reduce man-machine interaction • Installed parking sensors on all underground light-moving vehicles to improve vehicle safety • Positioned a liquid fire suppression system in Heavy Earth Moving Machinery (HEMM) and personnel carriers
Project Update	• Commissioned surface workshop and underground substations for strengthening the supply of power to the mine • Reticulated mine services through surface boreholes for delivering high-quality services to 60% of the mining area	• Not applicable



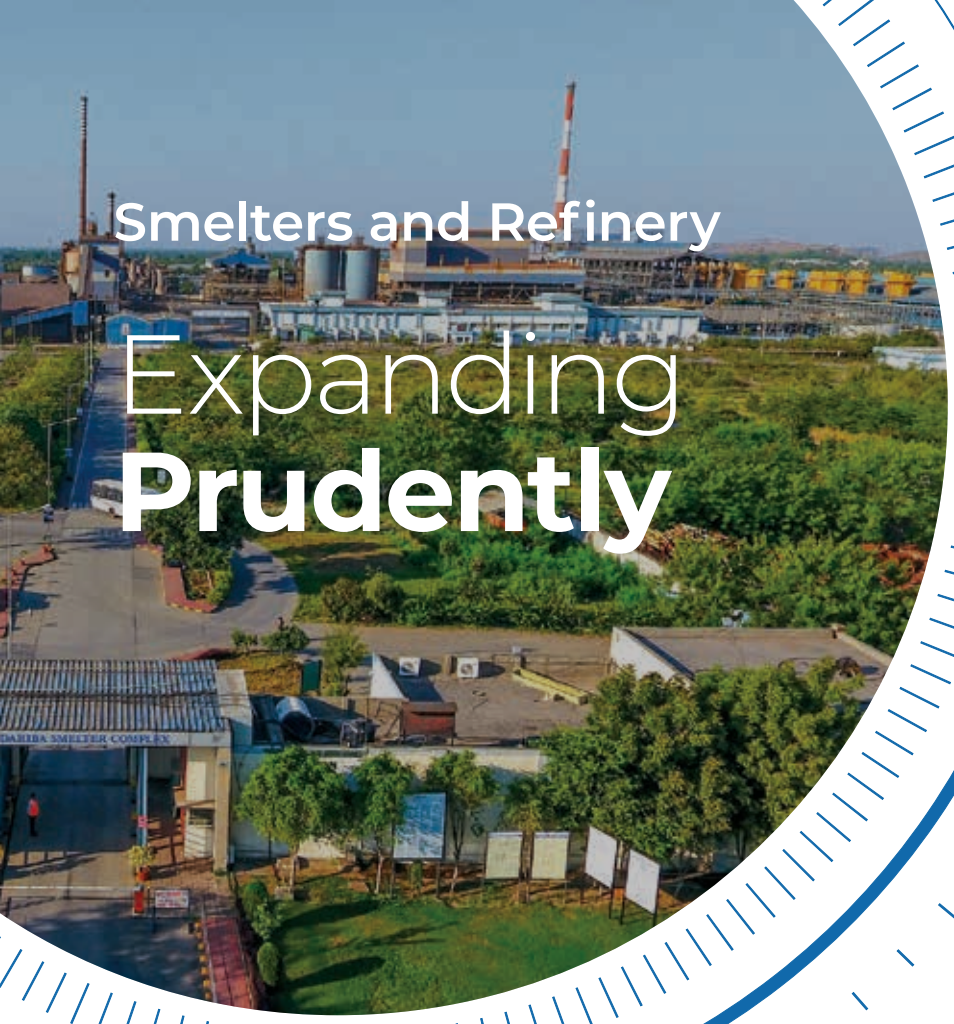
Zenith **of Silver**

Hindustan Zinc is now the world's sixth largest primary silver producer with a large silver R&R base of 898 mn ounces. Silver now accounts for 13% of our revenue, having grown at a CAGR of 16% over the last five years to $345 mn.

Over the last decade, we have organically grown our silver production by 4.4 times to 610 tonnes or 19.61 mn ounces in FY2020, at a CAGR of 16%. This feat has been achieved through increased mining, higher silver grades as well as improvement in silver recovery rate. About three-fourth of our silver comes from Sindesar Khurd mine, which is among the top underground zinc-lead-silver mines in the world with a high silver reserve grade of 118 ppm.

Our growth story is still on as we are targeting over 1,000 MT of silver production over the next three years on the back of higher production from existing as well as new silver-rich deposits and technology-driven increase to benchmark silver recovery rates. This will put us in the league of top 3 silver producers in the world.

We are targeting to be among the top 3 global silver producers over the next three years through higher mining and enhanced silver recovery.



Smelters and Refinery

Expanding **Prudently**



OPTIMISING METAL RECOVERY

During the year, we debottlenecked our smelting capacity to 1.123 mn MT per annum and expanded our minor metal recovery programme through completion of an ancillary plant at Chanderiya, our second such plant.

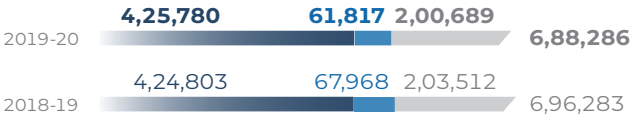
Our first zinc fumer project is complete and will be commissioned this year. This will lead to an annual recovery of valuable metals, including 32 MT of silver and 5,500 MT of zinc and lead from zinc residue, which otherwise would be wasted in jarofix. This project is a step forward in achieving the goal of zero solid waste and will also lead to overall waste reduction and lesser land requirement.

PERFORMANCE IN FY 2019-20

In FY 2019-20, we produced 8,69,656 MT of zinc-lead metal as compared to 8,94,121 MT in FY 2018-19 in line with mined metal availability and adversely impacted operations due to the lockdown in March 2020 to combat the spread of COVID-19. Zinc production at 6,88,286 MT was down by 1% y-o-y while integrated lead production was 1,81,370 MT, lower by 8% due to operational issues at Dariba Lead Smelter.

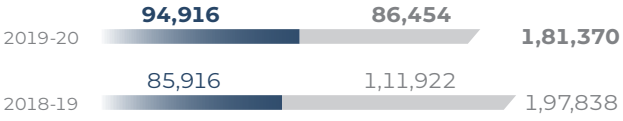
Refined Zinc

(MT)



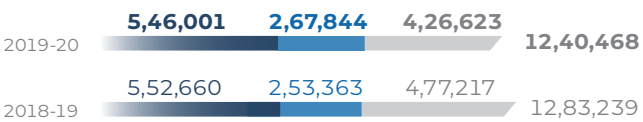
Refined Lead

(MT)



Sulphuric Acid

(MT)

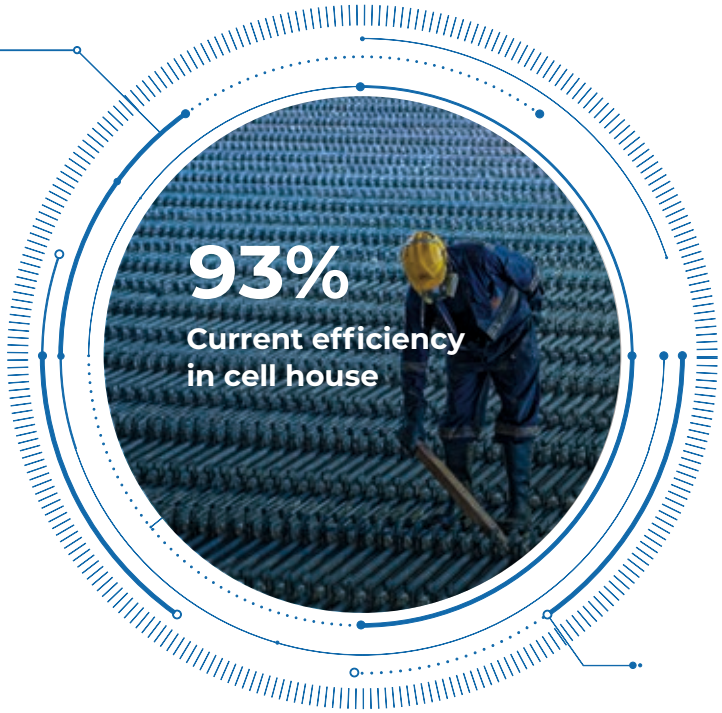


Chanderiya Lead-Zinc Smelter | Debari Zinc Smelter | Dariba Smelting Complex

Refined Silver

(MT)





A higher Current Efficiency (CE) leads to higher rate of zinc cathode production and lower power consumption. The global benchmark for CE in hydro zinc smelters is 92%, while the CLZS hydro smelter achieved CE of 93.2% by innovating modifications in the cell house and leaching section.

1% increase in CE is equivalent to 7.7 MT/day increase in cathode production and a 1% increase in CE is equivalent to 35 kWh/MT decrease in power consumption for production of zinc cathode.

KEY SAFETY AND SUSTAINABILITY INITIATIVES

- 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
- Implementing automation ideas through the Safety Innovation Cell to eliminate manual intervention
- Utilisation of Jarosite and jarofix was initiated in cement plants and increased road construction. It will further contribute towards reduction in environmental footprint as well as lower cost of production
- Plantation covering 20,000 square metres was completed over jarofix dump yards
- Switched from light diesel oil to PNG at pyrometallurgical plant at CLZS

MINOR METAL RECOVERY PROGRAMME

Our focus is on recovery of minor metals to bolster our operating profit, increase waste utilisation and reduce the cost of production.

Recovery of Cadmium, Cobalt and Antimony
A cadmium production plant to produce 2,600 MTPA of cadmium from smelter process residues is in the installation phase. In addition, feasibility studies for recovery of cobalt and antimony have been completed.

Ancillary Plant to Augment the 'Waste to Wealth' Journey
We commissioned an ancillary plant at Chanderiya and it is ready to treat copper dross. There are other units under construction to treat all residues from smelters including work-in-progress materials such as zinc oxide, purification cake, antimony dust and cadmium sponge, and is expected to be commissioned in FY 2020-21. The plant is likely to generate an additional revenue by producing lead bullion, zinc sulphate solution, copper sulphate solution, lead silver cake, antimony trioxide and cadmium metal. During the year, the copper matte treatment started at Dariba ancillary plant to produce additional copper sulphate.



Exploration

Equipped for the **Long Term**







OBJECTIVE

Upgrade the resources to reserves and replenish every tonne of mined metal. We strive to sustain more than 25 years of metal production capability by fostering innovation and new technologies with zero harm. We have an aggressive exploration programme focusing on delineating and upgrading R&R within our licence areas.

STRATEGIC ENABLERS

- A talented and experienced team comprising 26 geologists, geophysicists and analysts
- Focus on designing and executing exploration programmes with the support of outsourced service providers
- Adoption of best-in-class technology and innovations to enhance the success rate of exploration

STEPS TAKEN IN FY 2019-20 TO MEET OUR OBJECTIVES

- Commenced underground exploration of Rampura Agucha Galena lens to upgrade the resources by deploying a specialised drilling machine and Multifunctional Directional Drilling (MDD)
- Started 'seismic survey' at Rampura Agucha and Kayad mines. This study will provide the technical rational for second and third stage for potential application of the seismic survey. Acoustic velocity and specific gravity were also measured on core samples. Geological and ore 3D models provided for forward seismic modelling to generate scenario analysis for different situations
- Organised exploration target generation workshop at Kayad mine with all available exploration data integration, leading to identification of four high-priority targets. These targets are being tested at an accelerated pace and are yielding positive results
- Enhanced use of MDD to facilitate testing of more targets in an efficient manner at lesser costs. This technique involves drilling 'leg' holes at the depth of a mother hole, with technical innovation now enabling up to six legs from a single mother hole

PERFORMANCE HIGHLIGHTS OF FY 2019-20

We continue to move forward to achieve our objective of exploring and optimising opportunities for extended mine life as well as production growth. On one hand, all our deposits remain 'open', while on the other, the exploration team has identified multiple new targets on mining leases that have immense potential to increase R&R over the next year.

170 KM
Increase in surface drilling*

290KM
Underground drilling completed to assist in upgrading resource*

The mineral resource is reported on an exclusive basis to the ore reserve and all statements have been independently audited by SRK (UK).

114.7 MN MT
Hindustan Zinc's exclusive reserves#

288.3 MN MT
Hindustan Zinc's exclusive resources#

Total Contained Metal in Ore Reserves

8 MN MT Zinc
2 MN MT Lead
256 Moz Silver

Contained Metal in Mineral Resource

16 MN MT Zinc
6 MN MT Lead
642 Moz Silver

At current mining rates, the R&R underpins metal production for more than 25 years.

Ore R&R as on March 31, 2020**

Mines	Total Reserve				Measured and Indicated				Inferred					
	Million Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Million Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Million Tonnes	Zn (%)	Pb (%)	Ag (g/t)	Total R&R (mn tonnes)	Total Metal (mn tonnes)
Rampura Agucha	39.1	12.6	1.6	54	10.3	14.7	2.2	64	35.5	9.6	2.6	69	84.9	11.6
Rajpura Dariba	20.4	5.1	1.7	54	16.3	7.2	2.0	79	22.2	6.2	2.1	98	58.9	4.7
Sindesar Khurd	37.3	3.6	2.3	118	51.9	4.1	2.2	109	27.1	3.6	2.2	120	116.3	7.0
Bamnia Kalan	0	0	0	0	20.7	3.3	1.1	40	20.1	3.5	1.4	46	40.8	1.9
Zawar	14.2	3.1	1.5	21	29.7	4.5	1.9	28	52.5	4.6	2.2	35	96.4	6.1
Kayad	3.6	5.1	1.0	15	0.8	12.1	2	38	1.1	8.2	1.4	23	5.5	0.4
Total	**114.7**	**6.9**	**1.8**	**69**	**129.7**	**5.3**	**1.9**	**72**	**158.6**	**5.7**	**2.2**	**67**	**403**	**31.8**

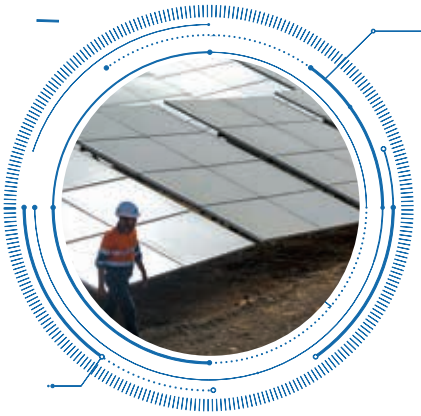
Note:
Mineral resources reported exclusive of ore reserves, at variable cut-off grade per mineral asset

#As on March 31, 2020 *During FY 2019-20
**Based on independent annual audit by SRK (UK)

Captive Power Plant (CPP)

Better Demand Planning **Driving Efficiencies**







VISION

To supply reliable, efficient and sustainable power for Hindustan Zinc with zero harm and at lowest cost.

Power Capacity Mix in FY 2019-20

(MW)



- Captive solar power
- Captive Waste Heat Recovery Boiler (WHRB)
- Wind power Independent Power Producer (IPP)
- Thermal power

RENEWABLE POWER BUSINESS

Investments in green energy enables us to reduce our carbon footprint on a sustainable basis.

In FY 2019-20, 0.7 MW of rooftop solar energy was commissioned, increasing the total solar power capacity to 39.64 MW. In addition, there is the Waste Heat Recovery Boilers (WHRB) capacity of 35.37 MW. Our wind energy plants are under long-term power purchase agreement with distribution companies.

During the year, we produced solar power of 79.38 mn units, waste heat energy of 146.24 mn units and wind power of 449.29 mn units, leading to a reduction of 5,80,995 MT of CO_2 through green power.

FY 2019-20: PERFORMANCE SNAPSHOT

CPP	Key Stats			
	Capacity (MW)	PLF (%)	APC (%)	SCC (gms/kWh)
Chanderiya	234	95	8.29	445
Dariba	160	94	8.21	443
Zawar	80	87	8.12	442

SAFETY INITIATIVES IMPLEMENTED IN THE YEAR

- Turbine enclosure in all three locations to separate hot and oil circuit, leading to reduction of fire hazards
- Wagon wheel clamper in the coal-handling plant wagon tippler area to reduce man-machine interaction
- Proximity switch in coal yard vehicle and locomotives across Hindustan Zinc CPP to reduce man-machine and machine-machine interactions
- Installed belt tear switch in all conveyors at Dariba and Zawar CPP for safe conveyor operation

THERMAL POWER BUSINESS

The coal-based thermal power plants generated 3,880 mn units in FY 2019-20, compared to 3,961 mn units in FY 2018-19. Higher power purchase from grid and lower metal production led to decline in power production. Overall, the specific coal consumption remained flattish at 444 gms/kWH in FY 2019-20 compared to 440 gms/kWH in FY 2018-19.

During the year, revamping of thermal power units was initiated with the aim of increasing the name plate capacity from 80 MW to 91.5 MW per unit in FY 2020-21. This will lead to higher power generation from each unit with the same quantity of steam leading to cost savings and also reduction in GHG emissions.

EFFICIENCY IMPROVEMENT INITIATIVES IMPLEMENTED IN FY 2019-20

Initiative	Benefit
Vapour absorption machine chiller at CLZs CPP	Power saving of 0.7 MU annually
Single cooling water pump at CLZs CPP	Annual power saving of 0.7 MU
Converted 9.4 MW back pressure turbine of Hydro-1 to condensing type turbine	Enhanced utilisation of roaster and fumer excess steam, leading to 3 MW increase in power generation
Commissioned Variable Frequency Drive (VFD) in induced draft fan in both units at Dariba CPP	Energy saving of 3,600 kWh per day
Installed a carbon fibre shaft and Maya make fan blade in the cooling tower fan at Zawar	Reduction of total power consumption by 900 unit per day
Completed cleaning of online jet and bullet condenser at Dariba CPP in unit #5	Saving in specific coal consumption by 1.5 gms/kWh at station
Deployed poclain to unload the rake	Reduction of unloading hours from 30 hours to 16 hours
Completed overhauling of CLZs CPP unit #2	Recorded the best-ever overhauling time of 14.5 days, a reduction of two days over the previous best
Commissioned an in-house 25 KW inverter	Powered 13.8 KW floating solar at CLZs CPP raw water pond

An Overview

Sustainability is an integral part of our business. We believe in driving long-term sustainable economic development and value creation for our stakeholders by protecting the health and safety of our people and community, minimising the environmental impact of our operations, respecting human rights and sharing benefits with the community.

We have taken a holistic view in setting our sustainability goals 2025 and over the next five years, we will focus on expanding the work towards creating positive changes. We do not view our goals as independent targets, but rather as a collective scorecard that requires tangible progress across different functions.

The set five-year goals provide us with significant opportunity to improve our performance and will also enable us to focus on reducing the negative impacts across our value chain.





SUSTAINABILITY GOALS 2025

0.5MN tCO_2e
GHG emission savings in our operations from base year 2017

5x
Water-positive company and achieve 25% reduction in freshwater consumption

3x
Increase in gainful utilisation of smelting process waste

PROTECT AND ENHANCE BIODIVERSITY
Throughout the life cycle

ZERO
Work-related fatalities and 50% reduction in TRIFR

Positively impacting 1MN
lives through social, economic and environmental outcomes

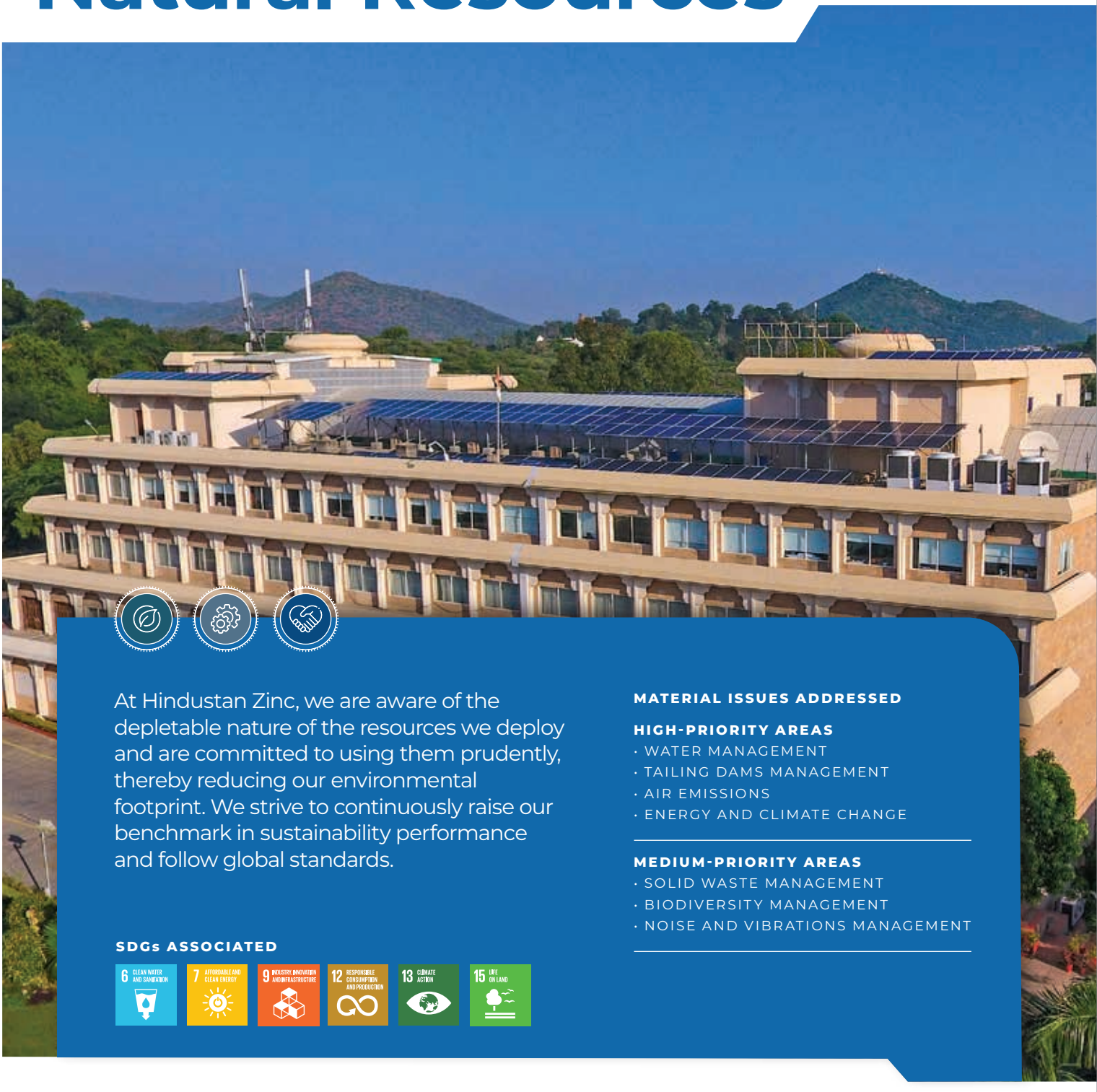
30%
Diversity in an Inclusive and diverse workplace

100%
responsible sourcing in the supply chain

HINDUSTAN ZINC
Zinc & Silver of India

Environment

Ensuring Responsible Utilisation of **Natural Resources**



At Hindustan Zinc, we are aware of the depletable nature of the resources we deploy and are committed to using them prudently, thereby reducing our environmental footprint. We strive to continuously raise our benchmark in sustainability performance and follow global standards.

SDGs ASSOCIATED

MATERIAL ISSUES ADDRESSED

HIGH-PRIORITY AREAS
- WATER MANAGEMENT
- TAILING DAMS MANAGEMENT
- AIR EMISSIONS
- ENERGY AND CLIMATE CHANGE

MEDIUM-PRIORITY AREAS
- SOLID WASTE MANAGEMENT
- BIODIVERSITY MANAGEMENT
- NOISE AND VIBRATIONS MANAGEMENT



WATER STEWARDSHIP

We are demonstrating our commitment for water stewardship by using water efficiently, maintaining water quality and engaging with communities to collaboratively manage a shared water resource throughout the life cycle.

SUSTAINABILITY GOAL 2025

Become a 5 times water-positive company and achieve 25% reduction in freshwater consumption.

We will contribute to positive water impact in the vicinity of our operations through various efforts to enable long-term, sustainable water security for our business and others who depend on water availability. Our focus areas include:

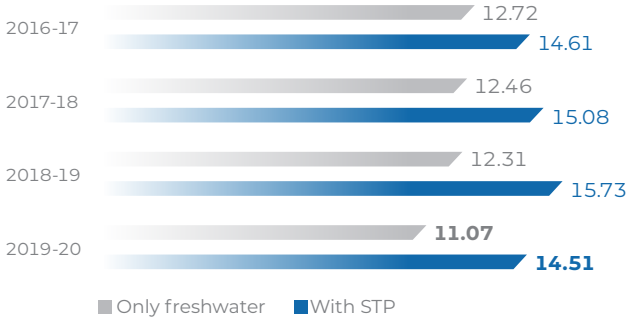
- Increasing efficiency in water usage and exploring less water-intensive technologies
- Using alternative water sources to reduce dependencies on freshwater
- Replenish water within local watersheds and rainwater harvesting

Our Performance

Water Recycling
(%)



Specific Water Consumption
(m^3/MT)



A Water-positive Enterprise

We operate in a water-scarce area of India and the non-availability of water is a key risk for our business. To mitigate this risk, we are reducing our dependence on freshwater by exploring alternative resources, increasing the recycle and reuse of water and replenishing as much water as we can. We are working towards long-term conservation and the availability of water to both nearby communities and across our operations.

During FY 2019-20, our water accounting assessment was carried out by DNV GL, a globally renowned risk management and quality assurance company, and we were certified a 2.41x water-positive company. Initiatives such as rainwater harvesting, recharge to groundwater and the use of treated sewage water have enabled us to achieve this distinction. This reinforces our commitment to the journey of water stewardship.

Environment continued

Our Approach

We have adopted a multi-pronged approach to managing water resources.

Focus Areas	Initiatives
Minimising the Use of Water	• Use a deep cane decanter, air-cooled condenser • Transition backfilling method from hydro fill to paste fill
Enhancing the Use of Recycled Water	• Set up an integrated Effluent Treatment Plant (ETP) at all smelters to ensure maximum recycling of process water and reusing the water back into the process • Upgraded our technology by installing multiple effective evaporator/Mechanical Vapour Recompression (MVR) at all smelters to strengthen zero discharge and improve water recovery • Reuse the excess water from our tailing dam back to the process
Developing Rainwater Harvesting Systems to Replenish Groundwater Sources	• Stormwater collection pond is constructed at all sites to collect rainwater runoff and is treated in our ETP for reuse • Promote rainwater harvesting in nearby communities
Exploring Alternatives	• Commissioned a 20 mn litre per day (MLD) STP in 2014 to ensure Udaipur's lake remained free of sewage inflow pollution • Signed agreement to build a second similar STP in June 2017, to increase the capacity by another 40 MLD • Commissioned an additional capacity of 25 MLD in 2019 • Two further decentralised STPs, with a combined capacity of 15 MLD, are undergoing commissioning
Monitoring and Auditing	• Conducting an extensive audit of our water management systems every year under the Vedanta Sustainable Framework

DRY TAILINGS DISPOSAL SYSTEM – ZAWAR



Objective

To reduce the water content (50-65%) present in the tailings slurry at the beneficiation plants in Zawar

Action Taken

Installation and commissioning of dry tailing plant to:

- Ensure higher water recovery
- Eliminate water losses through seepage and evaporation
- Virtually stop any probability of groundwater contamination through seepage
- Improve safety significantly with the risk of catastrophic dam failure

Positive Outcomes

- Recirculation of 90%+ of the process water
- Elimination of the risks of catastrophic tailings dam failure
- Safe stacking of tailings cakes even in areas of high seismic activity
- Reduction of risk of groundwater contamination through seepage
- Reduction of storage footprint by 50%
- Enabling fast rehabilitation when approaching mine closure

It is now possible to extract excess water (recirculation for mill operation) from tailings by the introduction of this filtration plant to transform solid fractions into cake containing only 16% moisture.

ENERGY AND CLIMATE CHANGE MANAGEMENT

We endeavour to use energy efficiently across all our sites and diversify our energy portfolio to cleaner sources where possible.

SUSTAINABILITY GOAL 2025

Achieve 0.5 mn tCO_2e GHG emission savings in our operations from the base year 2017.

We will continue our efforts to achieve an absolute reduction in GHG emissions across our operations. Our focus areas include:

- Reducing fossil fuel-based energy use in our operations by using innovative energy efficiency technologies and process optimisation
- Shifting to renewables and/or low-carbon solutions where possible



Our Performance

Optimising Energy Consumption
(GJ/MT)



Climate Change

We believe renewable energy sources are becoming increasingly important and are ramping up our green energy portfolio. We have a total wind capacity of 273.5 MW and total solar capacity of 39.6 MW. The green energy so generated has led to the reduction of CO_2 emission by 5,80,995 MT annually. The expansion of WHRB capacity is planned to add 5.58 MW Steam Turbine Generator (STG) project at Dariba Lead Smelter and 8.6 MW in the fumer plant at Chanderiya.

USE OF PNG BURNERS BY REPLACING THE HSD BURNERS AT PANTNAGAR



Objective
Reduction in GHG emission using cleaner fuel

Action taken
Pantnagar Metal Plant has successfully installed and is running the highly efficient Piped Natural Gas (PNG) burners by replacing the High Speed Diesel (HSD) burners, thereby reducing GHG emissions as well as enhancing net annual profit

Positive Outcomes

- PNG is one of the cleanest burning fuels and helps improve the quality of air; 15% reduction in GHG emission
- In case of leakage, natural gas being lighter than air, disperses in the air
- Uninterrupted and adequate supply of PNG through pipe
- Eliminating the need of storage space for the fuel
- PNG is economical to LPG and any other liquid fuels
- No spillage and pilferage

Environment continued

Adopting TCFD Recommendations

In 2015, Financial Stability Board created the Task force on Climate related Financial Disclosure (TCFD) and in 2017, TCFD published its recommendations around four pillars of governance, strategy, risk management and climate-related metrics and targets.

We are conscious of the climate change and its impacts on our activities and have initiated the adoption of TCFD framework for climate change risk and opportunity management. We are in the process of conducting a detailed gap analysis against the four core elements of the TCFD framework. To kick-start and support the implementation, we organised an interactive session for our senior management to understand the requirement of the TCFD through renowned consultant and also conducted an awareness webinar for all our employees on climate change, TCFD guidelines and how they can contribute to the same.

We have established a three-tier structure for governing the risks and opportunities related to climate change

- Tier-1: Vedanta Sustainability Committee and Vedanta Carbon Forum
- Tier-2: Executive-level sustainability committee at Hindustan Zinc
- Tier-3: Sustainability Task Force and Energy and Carbon Community

We have defined the transition to a circular economy as one of our strategic priorities, which will enable us in realising our vision and mission.

Environment and climate change risks and their mitigation actions are embedded in our critical business activities, functions and processes. We are also in the process of initiating the detailed climate change related risk and opportunity assessment.

WASTE MANAGEMENT

Hindustan Zinc believes in zero waste and has aligned waste management practices to the '4R Policy' of Reduce, Recycle, Reuse and Reclaim in our operations.

SUSTAINABILITY GOAL 2025

Achieve three times increase in gainful utilisation of smelting process waste.

Through efficient and responsible waste management, we will continue to make our efforts towards reducing waste to landfill. Our focus areas include:

- Adopting technologies to reduce generation of waste
- Expanding recycling and small-scale metal recovery projects
- Gainfully utilising the waste in other industries



Focus Areas	Initiatives Adopted
Reduce Waste Generation	• Utilisation of waste rock and tailings in mine backfilling through state-of-the-art technology paste-fill and hydro-fill plants • Implementation of fumer technology will lead to 100% utilisation of the slag generated at the smelter in cement industries
Reuse Waste	• 100% utilisation of fly ash, slag and Jarosite in manufacturing cement • Utilising jarofix and slag in road construction
Reclaim Resources	• Plantation over jarofix dump yards • Dry tailing plant will reclaim water used in the milling process
Recycle	• Recycling of smelting residues to recover metals • Recycling of zinc dross in the smelting process



MANAGING EMISSIONS

Our approach to managing emissions is focused on investing in environmental abatement technologies such as air emission control equipment, maintaining process integrity and active engagement with key stakeholders.

We have deployed equipment across our value chain that use cleaner fuel. Our technologically advanced state-of-the-art underground traffic management systems are driving faster turnaround time of mining equipment, lowering engine hours and improving fuel efficiencies.

Continuous Emission Monitoring System (CEMS) has been installed at all source emissions and data is being sent to a central server and to servers of statutory bodies like the State and Central Pollution Control Boards. Immediate corrective and preventive actions are taken in case of any deviation.

BIODIVERSITY MANAGEMENT

Protecting and enhancing biodiversity is integral to our commitment towards sustainable development. We have developed a unique and exclusive biodiversity management plan for all our operations. We are a member of the IUCN Leader for Nature (LfN) India initiative and are committed to enhancing and restoring biodiversity. We are working closely with the LfN team to organise different awareness-raising training programmes for our employees.

SUSTAINABILITY GOAL 2025

Protect and enhance biodiversity throughout the life cycle.

Our focus areas include:

- Creating awareness about biodiversity among employees and nearby communities
- Biodiversity assessment, implementing biodiversity protection and conservation initiatives across the locations



Partnering for **Community Well-being**



At Hindustan Zinc, we work closely with our communities to drive overall social-economic development. We are impacting the lives of about 5 Lakh people through various community development initiatives. Our CSR initiatives focus on 189 villages in the vicinity of our operations, including 184 in Rajasthan and five in Uttarakhand, covering 66 gram panchayats in 12 tehsils across Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer.

SDGs ASSOCIATED

MATERIAL ISSUES ADDRESSED

HIGH-PRIORITY AREAS

- COMMUNITY ENGAGEMENT AND DEVELOPMENT INITIATIVES

SUSTAINABILITY GOAL 2025

Positively impact 1 mn lives through social, economic and environmental outcomes
Our focus areas include:

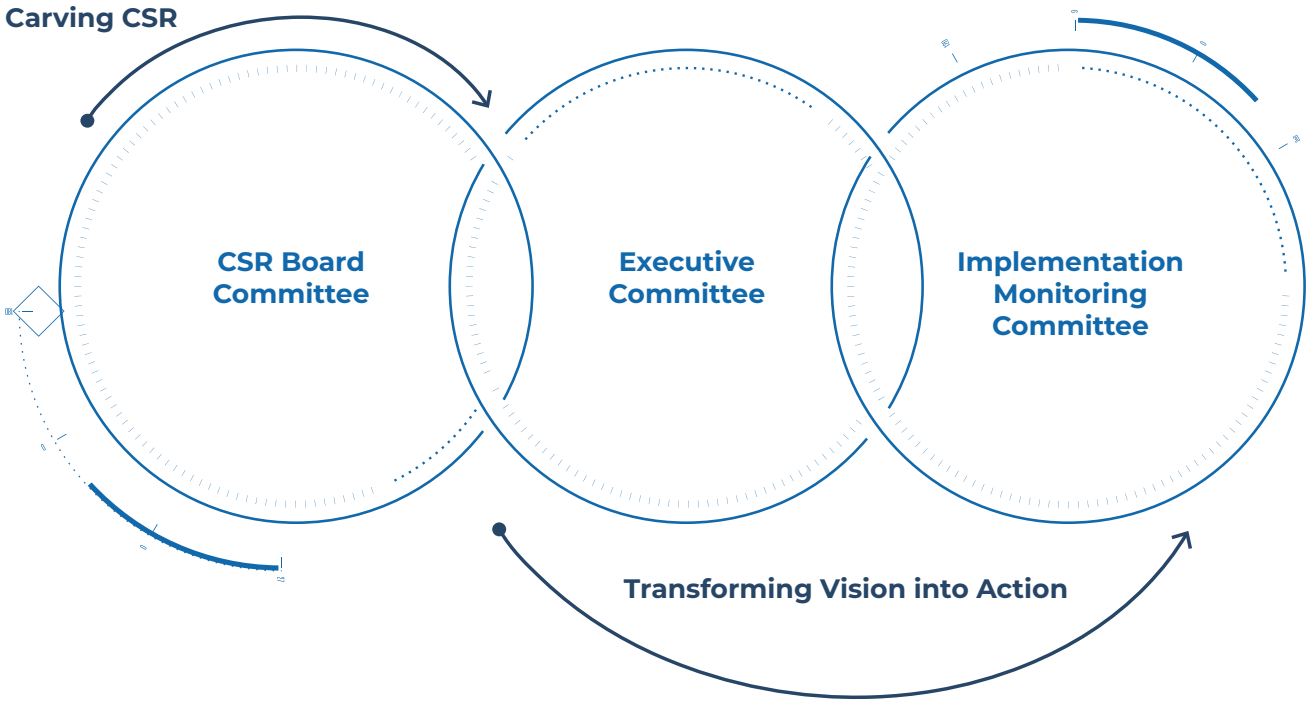
- Increasing local employment and procurement opportunities
- Strategically focusing on improving livelihoods and spurring prosperity in communities near our operations



Transparency and accountability form the core of our corporate governance practices and are achieved through strong systems/processes and multi-tiered reviews.

Our CSR spend stood at ₹ 131.7 Crore during FY 2019-20, benefitting over 5 lakh people.

OUR CSR GOVERNANCE FRAMEWORK



Social continued

OUR APPROACH

We have identified seven thematic areas to strengthen our 360-degree engagement with communities and to sustain the social licence to operate.







EDUCATION

Initiatives Adopted

We promote education in our communities through initiatives such as the Khushi Anganwadi Programme, Nandghar, Shiksha Sambal, Unchi Udaan and Jeevan Tarang, among others.

> We have reached out to over 70,000 children through these initiatives.

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 Sanstha
- Vidya Bhawan Society
- Resonance
- Sumedha
- Educational Initiatives Private Limited
- Avanti Learning Centres Private Limited
- Noida Deaf Society
- Vedanta PG Girls College Ringus

SUSTAINABLE LIVELIHOODS

Initiatives Adopted

Our flagship programme Samadhan has reached 13,835 farmers to promote on-farm sustainable livelihood through agricultural interventions and 11,507 families through livestock interventions till date.

We also upskill our youth through various programmes such as skill development projects, mining academy and skilling and entrepreneurship centres, among others.

Partners

- BAIF Institute of Sustainable Livelihood Development
- Skill Council for Mining Sector
- Indian Institute of Skill Development
- Maruti Suzuki
- Ambuja Cement Foundation
- Team Lease

HEALTH, WATER AND SANITATION

Initiatives Adopted

Our focus is to bring quality healthcare services to the doorsteps of the underprivileged and to promote healthcare awareness and good hygiene standards for our communities.

We achieve this through our four Mobile Health Vans (MHVs), which cover 110 villages at four locations in Rajasthan and Uttarakhand.

> We have treated over 1 Lakh external patients at the six Company-run hospitals.

> Over 22,000 patients were treated at a homeopathic camp supported by Hindustan Zinc at Gulabpura near Rampura Agucha.

During the year, we installed hub-and-spoke model community RO plants to provide clean, safe and affordable drinking water.

For water harvesting, Hindustan Zinc, in association with the Urban Improvement Trust, has taken up the project of deepening the Fatehsagar Lake by desilting it when it is dry. This deepening has enhanced the capacity of the lake by ~1 Lakh cubic meters.

Partners

- Urban Improvement Trust (UIT), Udaipur
- Swachh Bharat Abhiyaan
- Smile Foundation
- Jimmedari Foundation



WOMEN EMPOWERMENT

Initiatives Adopted

Our flagship project Sakhi focuses on forming Self-Help Groups (SHGs) comprising rural women and developing their capacities around leadership, skill development, savings and entrepreneurship.

Under this project, 2,161 SHGs comprising ~26,560 women have become self-sufficient.

Partners

- Manjari Foundation and Saheli Samiti
- Centre for Study of Values



SPORTS AND CULTURE

Initiatives Adopted

Zinc Football (ZF) is a massive programme directed at achieving grassroots development as well as excellence in football in Rajasthan. We provide football training by certified coaches in ZF schools and at ZF residential academy. We also conduct annual talent hunt for football through the ZF Youth Tournament.

Partners

- The Football Link
- Seher
- Government of India



ENVIRONMENT AND SAFETY

Initiatives Adopted

Our STPs accomplish the twin objectives of preventing untreated sewage from entering the city's lakes and reducing the quantity of freshwater consumed for industrial purposes.

Partners

- Urban Improvement Trust
- Forest Department



COMMUNITY ASSET CREATION

Initiatives Adopted

During the year, we took up projects for construction of community halls, classrooms in schools, roads, bus stands, cremation centres, drains and open-air public spaces in villages as per need from the community.

In addition, water projects such as installation of pipelines, providing water connections, construction of water tanks, pond deepening and supplying drinking water through tankers, among others, were also implemented.

Partners

- Local Panchayats and Government



Standing with Our Communities during **the COVID-19 Crisis**

The threat of the COVID-19 pandemic compelled the imposition of a nation-wide lockdown in March 2020. While the lockdown impacted almost all businesses, daily wage earners and migrant labourers were hit the hardest. At Hindustan Zinc, we stayed true to our CSR vision, 'To enhance the quality of life and economic well-being of the communities around our operations'. We proactively undertook multiple initiatives to help our communities in their critical hour of need.

ACTIONS TAKEN

- Stitched over 1,00,000 masks and distributed among the communities, our employees and contract workers
- Over 120 SHGs and community women made these masks and generated a livelihood of ₹5.80 Lakh
- Distributed over 9,000 dry food packets to daily wage earners
- Provided dry ration support to over 25,000 families
- Sanitised over 100 villages with hypochlorite
- Plant dispensary and colony hospital worked 24 hours
- Provided quarantine facilities, isolation wards and ventilators in hospitals
- Engaged MHVs to spread awareness before imposition of the lockdown

Fostering a **Culture of Safety**



At Hindustan Zinc, the health and safety of our people is of utmost importance to us now as well as in the coming years to build a sustainable business model that considers the interests of all stakeholders. Our CEO and Executive Committee members have designated themselves as Chief Safety Officers of the Company. Thus, our leadership team is leading by example and setting the path for each one of us to emulate.

SDGs ASSOCIATED

MATERIAL ISSUES ADDRESSED

HIGH-PRIORITY AREAS

- HEALTH AND SAFETY

SUSTAINABILITY GOAL 2025

Zero work-related fatalities and 50% reduction in TRIFR. Our focus areas include:

- Identifying, understanding, controlling and eliminating the risks associated with hazards at workplace, including man-machine interactions, molten metal handling and underground fire
- Structured skill improvement/competency enhancement of employees and contract workers
- Implementing new innovative technologies to reduce manual interventions
- Monitoring exposures for better and timely controls

Social continued



CONTINUED FOCUS ON SAFETY TRAININGS

Safety training is an integral part of our culture. We undertake a varied set of training courses and workshops for different employee groups such as new recruits, senior managers as well as contractors. These programmes are designed to enhance personal safety, reduce systematic failures and facilitate better risk management.

0.72 MN MAN-HOURS

Safety training for employees and contract workers*

Health and Safety Performance

Despite our continuous efforts to promote a culture of safety and well-being of our people, we are deeply saddened to update that two fatalities took place in the year – one at SK mine and the other at the fumer project. After detailed investigations of these incidents, we have identified the reasons for these and have implemented corrective steps to prevent their recurrence.
Such fatalities re-emphasise the need to look into the minutest of details and adopt meticulous practices to ensure the highest level of safety at our premises.

Lost Time Injury Frequency Rate (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 and incident investigation have resulted in increase in lost time injuries.

Project Ru-Ba-Ru

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.

This project focuses on four key areas, namely:

- Health, Safety and Environment (HSE) commitment for strengthening our safety culture
- Technical skill enhancement for continuous performance improvement
- Management-in-Place to ensure business partners have the right organisation structure
- Asset optimisation

In FY 2019-20, this programme covered select business partners at Rajpura Dariba. Our aim is to extend this project across our operations to make our collective workplace safer and productive.

Our Focus on Fall of Ground Prevention

We operate eight fully mechanised underground mines and are currently developing 100+ km tunnels for underground infrastructure and ore access to enable production and expansion projects.

In underground mines across the world, most fatalities and potentially fatal events relate to the Fall of Ground hazards. We have undertaken a several initiatives to avoid such incidents.

Improved ground control process

- Ground control management plans implemented by all mines
- Improved SOPs via internal and external reviews

Effective ground support systems

- Updated ground support regime to meet geological and stress conditions
- Sourced best-in-class consumables

Strong geotechnical capabilities

- Largest geotechnical team in India, trained in rock mechanics
- Leading external geotechnical consultants assist with assessing global mine stability and resolving difficult ground control issues

*During FY 2019-20



Occupational Health Management

We believe that almost all occupational diseases can be prevented. We are working to address risks to the health of our employees, both from exposure to hazards in the workplace and from broader lifestyle challenges. We aim to eliminate occupational illness by providing a workplace that is free from occupational health risk and hygiene hazard. We proactively work with our employees as well as contract workers to contribute towards healthier lifestyles. This enables us to increase productivity, reduce absenteeism and enhance retention.

During FY 2019-20, we have partnered with International Safety Systems (ISS), a global leader in occupational health and industrial hygiene, to help our organisation progress further on our industrial hygiene and occupational health journey.
The association with ISS is expected to benefit all of us in creating a standard on Occupational Health Management System (OHMS), identification of exposures in our business and competency building in the first phase. This will help us improve our operations from industrial hygiene perspective to prevent all occupation-related illness and exposures.

During the year, over 21,242 employees and contract workers underwent periodic and initial medical examinations. No occupational illness related cases were reported.

Social continued

Engaging **People**



MATERIAL ISSUES ADDRESSED

HIGH-PRIORITY AREAS

- DIVERSITY AND EQUAL OPPORTUNITY
- LOCAL EMPLOYMENT
- HUMAN RIGHTS
- LEARNING AND DEVELOPMENT

SUSTAINABILITY GOAL 2025

Inclusive and diverse workplace with 30% diversity. Our focus areas include:

- Providing the right work culture to promote inclusion
- Aligning policies to encourage diversity in workforce

SDGs ASSOCIATED

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

DIVERSE WORKFORCE

We aspire to improve the diversity percentage at Hindustan Zinc, which currently stands at 14.38% for the executive workforce. Our workforce represents regional diversity, has different skill sets and has strong women representatives across different roles and designation levels. Some of our diversity initiatives include:

Wonder Woman – Inspiring from within
Fortnightly posters highlighting the journey, success mantra and challenges faced by the women employees are published and circulated to all the employees of Hindustan Zinc.

Women's Council – Empowering Women
This is a platform to engage, collaborate, unleash potential and develop future leaders among the women employees. Women councils are formed at each Strategic Business Unit (SBU) comprising six members; each member being coached by an SBU executive committee member. These women councils drive various initiatives such as self-defence training, hygiene and sanitation drive, safety among workers and knowledge sharing sessions, among others, at their locations.

Strengthening Diversity and Inclusion
We have appointed a dedicated Diversity and Inclusion Head to promote equal opportunity and well-being of our employees. She is responsible for designing policies that reinforce diversity at the workplace in partnership with the leadership team, to ensure that diversity agendas are successfully implemented in line with the business objectives and focuses on deploying industry best practices to enhance diversity and inclusion within the organisation.

EMPLOYEE ENGAGEMENT

At Hindustan Zinc, we implement multiple initiatives to engage with our people regularly. One such initiative is the CEO Connect platform, which was launched in 2019. An open platform, it facilitates our younger employees and mid-level managers to share their ideas, raise concerns and discuss feasible solutions. The objective of the platform is to encourage regular interaction of our people with the CEO and senior management.

Business Continuity during Lockdown

The concept of 'work from home' was hitherto considered not feasible for companies within the manufacturing industry. Amid this crisis, our team demonstrated its dedication and enabled us to successfully implement our business continuity plan. Hindustan Zinc's IT infrastructure as well as technology acted as a primary enabler for ensuring seamless functioning during the work from home phase.

With considerable reduction in our workforce and by adopting a shift schedule, we ensured that our plants were run at minimal capacity.

Emergency teams along with medical professionals, HR and safety teams were deployed to ensure safe working conditions.

We organised an awareness session on COVID-19 to help employees deal with the crisis. These included physical exercises to motivate the team to remain fit and active at home, along with mental health workshops.

25
Total online trainings#

834
Total participants in online trainings#

DIGITALISING OUR PEOPLE PROCESSES

We are leveraging technology to improve the efficiency of our people processes, remove redundancies and facilitate better information exchange across all our locations. Besides this, we are also conducting online learning and development programmes via multi-channel mediums such as books, videos, audiobooks and webinars, among others.

This year, on Women's Day, we launched the V-safe app for the safety of our people in emergency situations. This app enables employees and their family to be able to call for help during an exigency.

Shakti is a virtual member of the Hindustan Zinc family and provides a platform for employees to address their policy/process related queries and grievances. Shakti is a mascot for knowledge and information and provides a personal touch to query resolution. In addition, Shakti also shares important information related to performance management timelines as well as launch of new programmes and initiatives.

LEARNING AND DEVELOPMENT

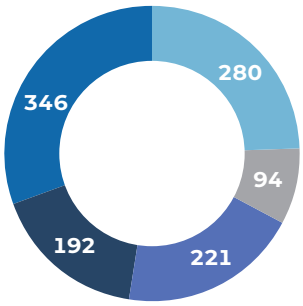
Every year, we conduct multi-faceted training programmes, throughout the year, to enhance the capabilities and skills of our people.

One of our flagship programmes is the Graduate Engineer Trainee (GET) Induction programme. It follows the 70:20:10 learning module, wherein GETs undergo 55 days of classroom training at Udaipur and interact regularly with our leadership team. After the induction, they take up two projects spanning four to five months each under a Six Sigma framework. We have partnered with American Society for Quality (ASQ), a global leader in quality improvement and standards, for getting certification for employees in Lean Six Sigma.

> More than 300 employees across verticals were trained under the Six Sigma programme during the year.

Similarly, we have joined hands with BITS Pilani and IIM-Udaipur to enable our executives to participate in specific programmes aimed at upskilling them for the future. Some of our other programmes include Executive Coaching Programme (for senior leadership), LEAD programme (for mid and senior-level managers), managerial effectiveness workshops in association with Dale Carnegie (for first-time managers), V-build (monthly workshop to identify and promote young individuals) and so on.

Type of Trainings*



1,133
Total trainings*

45,270
Total participants*

1,38,466
Learning and development hours (men)*

26,374
Learning and development hours (women)*

*During FY 2019-20 #Between March 24–April 12, 2020 (during work from home)

Responsible **Sourcing**



Our vision is to create an efficient supply chain with focus on technology, innovation and collaboration. We empower our suppliers to share responsibility for integrating sustainability and human rights by building their own management systems and internal controls.

SDGs ASSOCIATED

MATERIAL ISSUES ADDRESSED

HIGH-PRIORITY AREAS

- COMPLIANCE TO GOVERNMENT REGULATIONS
- HUMAN RIGHTS
- ETHICS AND INTEGRITY

MEDIUM-PRIORITY AREAS

- LOCAL SOURCING
- SUPPLY CHAIN SUSTAINABILITY

SUSTAINABILITY GOAL 2025

Implementing 100% responsible sourcing in supply chain. Our focus areas include:

- Holistic supplier identification, selection and review processes
- Digitalisation of the supply chain

SUPPLIER IDENTIFICATION AND SELECTION

The pre-qualification of all potential business partners is done by obtaining and monitoring evidence that a potential partner meets or exceeds our standards that includes ESG parameters as a pre-condition to be engaged for supply of products and services to Hindustan Zinc.

SUPPLIER DUE-DILIGENCE AND REVIEW

To monitor and evaluate the suppliers' progress in the adoption of our standards, we audit and review their performance through desktop assessment and site assessment. Safety performance is the key criteria for long-term engagement and payment term of business partners working at our sites.

> Over the past two years, we conducted due diligence of 668 suppliers on a comprehensive set of fixed parameters such as ISO/OSHAS certification, MSA requirements, environmental aspects and supply chain management, among others.

SUPPLIER ENGAGEMENT

Apart from audit, review and corrective actions, we engage with our suppliers continually, as we believe collaborations bring out the best results and help in mutual prosperity and growth.

There is also a structured vendor engagement plan in place across all levels. We have organised 'Confluence', a business value-creation workshop during the year with our key business partners.

This programme aims to communicate our vision and growth plans, emphasise adherence to world-class safety standards and 'ZERO tolerance' to unsafe acts and behaviour as well as co-create areas of operational excellence and cost efficiency for achieving our volume and cost of procurement.

INNOVATION AND TECHNOLOGY TO BUILD SUPPLY CHAIN EFFICIENCY

We have undertaken several measures to digitalise processes in our supply chain. These include a thorough monthly spend based on the data generated by the SAP system, smart touch-less purchase order for annual rate contract, launch of ARIBA Phase-II to improve Total Cost of Ownership (TCO) and other technological investments.

MINOVA RUNAYA AND THE SELF-SUFFICIENCY MODEL

At Hindustan Zinc, we are always on the lookout for opportunities to build self-sufficiency and reduce our import bill through ancillary partnerships. Minova Runaya Private Limited (MRPL) is a joint venture between India-based Runaya, an expert in technology-enabled manufacturing that leverages alliances with global industry leaders, and Minova, which is part of the AUD 6 billion Orica Group of Australia and the global leader in developing ground support services.

The joint venture combines Runaya's project implementation expertise in India with Minova's technical competencies and global reach to manufacture import substitution products catering to Indian and global markets.

These premium products, manufactured at their facility in Rajasthan, will bring transformational enhancements in the safety standards and productivity levels for mining and tunneling applications in the country, with Hindustan Zinc being the prime beneficiary.

We encourage such partnerships that create long-term security for our supply chain through import substitution and near-sourcing, while simultaneously generating local employment for communities surrounding our operations and contributing to the nation's growth.

Governance and Ethics

Managing with Foresight **and Transparency**



At Hindustan Zinc, corporate governance is about pushing the envelope beyond compliance. We are proactively embracing the best corporate governance practices to ensure transparency and contribute to the creation of long-term economic value and sustainable development. Our ambition is to be recognised globally as the hallmark of corporate citizenship and business ethics.

MATERIAL ISSUES ADDRESSED

HIGH-PRIORITY AREAS

- ETHICS AND INTEGRITY
- HUMAN RIGHTS
- COMPLIANCE TO GOVERNMENT REGULATIONS

SDGs ASSOCIATED



OUR CORPORATE GOVERNANCE FRAMEWORK

Strategic supervision
(Board Committees)

▼

Management Committee
(CEO, CFO, Director – Operations, CHRO, CCO, Legal Director, Project Director)

▼

Executive Committees
SBUs

Our Board, Management Committee and executive leadership's oversight play a significant role in anchoring and executing transparent business practices across our operations.
We have a three-tier sustainability governance structure, which provides a focused oversight over our Company's policies, initiatives, risks and sustainability matters. Our Board of Directors is actively involved in our business activities and ensures that we remain true to the ethos of our corporate governance.

ZERO
Complaints relating to child labour, forced labour and involuntary labour

4
Cases of sexual harassment grievances were reported and closed

READ MORE ON PAGE 114

ETHICAL BUSINESS CONDUCT

Our business ethics and Code of Conduct lay the foundation for ethical practices that are abided by Hindustan Zinc's management, employees, partners, contractors and other stakeholders. It is aligned with the Foreign Corrupt Practices Act and UK Bribery Act, 2010. The Code guides our behaviour and helps us promote honest and ethical conduct, the ethical handling of any conflicts of interest and 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.

Anti-bribery and Anti-corruption

We conduct all our business transactions in a fair and transparent manner. All our employees and business partners are trained and made aware of the core tenets of our Code of Conduct. This is to ensure that there is no undue monetary or facilitation payment made at any stage along the value chain to any person or persons, including public officials, customers or to any other organisation, in an illicit manner.

Whistle-blower Policy

We encourage and empower our employees to raise concerns about any unfair business dealing, through our Whistle-blower Policy. We safeguard the whistle-blower by keeping his or her identity confidential. The Group Head – Management Assurance is responsible for addressing all complaints raised and ensures an in-depth investigation of the same. The report for complaint resolution is then shared with the Audit Committee for review. Further, to encourage safety practices, we have established a special 'whistle-blower portal for safety'. We have successfully leveraged technology to provide a three-click registration of a complaint via mobile application.

Our Approach to Human Rights

Respect for human rights is critical to the way we operate and impacts our employees through labour rights and community rights across our supply chain. Our Human Rights Policy is aligned with the UN's Guiding Principles on Business and Human Rights and includes strict prohibition of child or forced labour either directly or through contract labour. Additionally, our business ethics and Code of Conduct underpins our approach to protecting the fundamental rights of all our direct and indirect employees, communities and immediate supply chain. Both the Code and the Policy clearly communicate our expectations to our business partners to comply with all relevant legislation and follow our policies while executing work for Hindustan Zinc, or on our behalf.

Slavery and Human Trafficking

As per 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 stringently to ensure our contractors, suppliers and business partners do not use any child, forced or trafficked labour.

> During FY 2019-20, there were no known reported legal cases on anti-competitive behaviour, anti-trust and monopoly practices.

HINDUSTAN ZINC'S SUSTAINABLE REPORTING JOURNEY

We have been publishing Sustainable Development Reports since FY 2015-16 based on the Global Reporting Initiative's (GRI) guidelines to meet the 'Core' criteria. We also report against the GRI Mining and Metals Sector Supplement. We follow the guidelines of the International Council on Mining and Metals (ICMM) – Sustainable Development Framework for reporting on safety parameters. We are a member of the UN Global Compact (UNGC) and Federation of Indian Mineral Industries (FIMI) and key components of our commitments to their principles are reflected in this report and in the Sustainability Review. Hindustan Zinc's Sustainability Review can be accessed at www.hzlindia.com/sustainability/transparent-disclosure/

> Hindustan Zinc ranked #1 in Asia Pacific and #5 globally in the Metal & Mining sector in the Dow Jones Sustainability Index in 2019.

HINDUSTAN ZINC BEGINS ITS INTEGRATED REPORTING JOURNEY

We believe that the success of our business cannot be measured in just financial terms but extends to how we deploy our resources and give back to all our stakeholders. This integrated report is our first step in communicating our holistic approach towards value creation. We will continue to strengthen this report in the coming years with an aim to be as transparent as possible.

HINDUSTAN ZINC
Zinc & Silver of India

Board of Directors

Expertise that **Drives Excellence**



KIRAN AGARWAL

Chairman

Mrs. Kiran Agarwal was appointed on the Board with effect from March 2, 2019. She has done Journalism from 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 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 key 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 on the Board of Agarwal Galvanising Private Limited and a Trustee of Vedanta Foundation.



NAVIN AGARWAL

Director

Mr. Navin Agarwal is the Executive Chairman of Vedanta Limited 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.

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.



SUNIL DUGGAL

CEO and Whole-time Director

Mr. Sunil Duggal was appointed as CEO & Whole-time Director on October 1, 2015. He has an electrical engineering degree from Thapar Institute of Engineering & Technology, Patiala. He is a result-oriented professional with over 36 years of experience in leading high-performance teams and more than 22 years in leadership positions. He is known for his passion for excellence in operations and focus on safety and digitalisation.

Mr. Duggal has been honoured with the Rajiv Gandhi Award for Environment Excellence. He is also the Vice Chairman of International Zinc Association, President of India Lead Zinc Development Association, Chairman of Skill Council for the Mining sector and President of Federation of India Mineral Industries.



REENA SINHA PURI

Director

Ms. Reena Sinha Puri was appointed on the Board with effect from December 29, 2016. She is an officer of the Indian Revenue Service. Currently, she is the Joint Secretary and Financial Advisor in the Ministry of Mines and has held various positions in the Income Tax Department and was seconded to the Tax Department of Government of Botswana. She completed her bachelor's and master's in Political Science from Punjab University. She also holds a Bachelor of Law degree from Delhi University and a Master's in Public Policy degree from National University of Singapore.

She is also on the Board of Bharat Aluminium Company Limited, Coal India Limited and Northern Coalfields Limited.



FARIDA M. NAIK

Director

Ms. Farida M. Naik was appointed on the Board on March 14, 2017. She is an alumnus of Sophia College, Mumbai from where she graduated in Psychology.

She is currently a Director in Ministry of Mines, Government of India. She 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.



A. R. NARAYANASWAMY

Director

Mr. Narayanswamy is on the Board since March 2009. He is a member of the Institute of Chartered Accountants of India and has an extensive industry experience. He is also on the Board of Sterlite Technologies Limited, Sterlite Grid 1 Limited, Bharat Aluminium Company Limited, Sterlite Power Grid Ventures Limited, Sterlite Grid 2 Limited, Sterlite Power Transmission Limited, Vizag General Cargo Berth Pvt. Ltd., IBIS Systems & Solutions Pvt Ltd. and. Jiangsu Sterlite Tongguang Fiber Co. Ltd., China.



ARUN L. TODARWAL

Director

Mr. TTodarwal is on the Board since March 2015. He is a member of the Institute of Chartered Accountants of India and has extensive experience in Taxation, Statutory Audits, Due Diligences, Arbitrations and Joint Ventures. He is also on the Board of Sterlite Technologies Limited, Anuh Pharma Limited, SREI Mutual Fund Trust Pvt. Ltd., Welspun India Limited, Welspun Global Brands Limited, Sterlite Grid 1 Limited, Sterlite Grid 2 Limited, Lakecity Ventures Pvt. Limited, Sterlite Power Transmission Limited, PTC Cables Pvt. Ltd., Sterlite Power Gird Ventures Limited and IAPA (ASIA PACIFIC) PTE LTD, Singapore.

HINDUSTAN ZINC
Zinc & Silver of India

Leadership Team

Actioning Strategies **Effectively**

Management Committee



ARUN MISRA

Deputy Chief Executive Officer*

With us since
November 2019

Industry Experience
32 years

Previous Companies
Tata Steel

*Appointed CEO and Whole-Time Director effective 1st August, 2020



SWAYAM SAURABH

Chief Financial Officer

With us since
January 2019

Industry Experience
19 years

Previous Companies
Philips APAC, Asian Paints and Larsen & Toubro Limited



KAVITA SINGH

Chief Human Resources Officer

With us since
December 2018

Industry Experience
18 years

Previous Companies
Maersk Group, ICICI Prudential and TATA AIG



SHARAD GARGIYA

Chief Commercial Officer

With us since
October 1998

Industry Experience
22 years

Previous Companies
BALCO, Copper India and KCM



ARUN VIJAYAKUMAR

Director – Projects

With us since
November 2018

Industry Experience
25 years

Previous Companies
Grasim Industries, Larsen & Toubro Limited and Reliance Industries Limited



VINEET BOSE

Head – Legal

With us since
February 2016

Industry Experience
17 years

Previous Companies
DuPont, Bharti group, Vaish Associates, BSNL and Ministry of Corporate Affairs



RAJEEV BORA

Vice President – Mining

With us since
January 2015

Industry Experience
24 years

Previous Companies
Sandstone Mining Associate, Ararat gold, AGRC and KCM



HARSHA SHETTY

Chief Marketing Officer

With us since
February 2019

Industry Experience
17 years

Previous Companies
Vedanta Aluminium and BALCO

Senior Management



PANKAJ SHARMA

Director – Smelting

With us since
August 2018

Industry Experience
19 years

Previous Companies
JSW CEMENT, ACC Limited, Century Textile



BALWANT SINGH RATHORE

Director – Zawar Mining Complex

With us since
July 1992

Industry Experience
31 years

Previous Companies
Coal India Ltd



RAJENDRA PRASAD DASHORA

Director – Dariba Mining

With us since
June 2012

Industry Experience
34 years

Previous Companies
Shree Digvijay Cements Co, HZL, AGRC and Jindal Saw Ltd



SUJAL SHAH

Director – Rampura Agucha

With us since
April 2019

Industry Experience
28 years

Previous Companies
ESSAR STEEL, Saudi Iron & Steel Co, Egyptian Sponge Iron, HZL, BridjSkillsIT



KULDEEP SINGH SOLANKI

Director – Exploration

With us since
April 2012

Industry Experience
28 years

Previous Companies
AngloGold Ashanti



V JAYARAMAN

Head – Corporate Services

With us since
April 2006

Industry Experience
22 years

Previous Companies
MALCO, BALCO



ANUPAM NIDHI

Head – CSR

With us since
March 2020

Industry Experience
19 years

Previous Companies
Siemens Ltd, Reliance Group, LEAD India, SEWA BHARAT, Demech Technical Services



RAJINDER SINGH AHUJA

Head – HSE

With us since
November 2003

Industry Experience
22 years

Previous Companies
Aditya Birla Group

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

(₹ in Crore)

Particulars	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 loses 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 Floatation, 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**	-

HINDUSTAN ZINC
Zinc & Silver of India

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

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

Sunil Duggal
CEO & Whole-time Director
Place: Udaipur

A. R. Narayanaswamy
Director
Mumbai

Date: May 21, 2020

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	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/ HUF	-	-	-	-	-	-	-	-	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp. – Vedanta Limited	2743154310	0	2743154310	64.92	2743154310	0	2743154310	64.92	0
(e) Banks/ FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	**2743154310**	**0**	**2743154310**	**64.92**	**2743154310**	**0**	**2743154310**	**64.92**	**0**
(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**	**64.92**	**2743154310**	**0**	**2743154310**	**64.92**	**0**
B. Public shareholding									
1. Institutions									
(a) Mutual Funds/ UTI	13031140	265000	13296140	0.31	17046123	265000	17311123	0.41	0.1
(b) Financial Institutions/ Banks	2060017	45000	2105017	0.05	1233038	45000	1278038	0.03	(-) 0.02
(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	0.08
(f) Foreign Institutional Investors	1771758	111000	1882758	0.04	0	111000	111000	0	(-) 0.04
(g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h) Alternate Investment Funds	-	-	-	-	591000	0	591000	0.01	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	0.02
Sub-Total (B)(1)	**1355837663**	**421000**	**1356258663**	**32.10**	**1361641506**	**421000**	**1362062506**	**32.24**	**0.14**

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	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
(a) Bodies Corporate	19729167	127000	19856167	0.47	19219708	127000	19346708	0.46	(-) 0.01
(b) Individuals									
(i) Individual shareholders holding nominal share capital up to ₹2 Lakh	39720417	1472866	41193283	0.97	48228399	1331250	49559649	1.17	0.2
ii) Individual shareholders holding nominal share capital in excess of ₹2 Lakh	854870	0	854870	0.02	1373722	0	1373722	0.03	0.01
(c) Any Other (specify)									
(c-i) Trust	86476	0	86476	0	142650	0	142650	0	0
(c-ii) NRI	1633165	690000	2323165	0.05	2073585	690000	2763585	0.06	0.01
(c-iii) NRI Company	-	-	-	-	-	-	-	-	-
(c-iv) Foreign Individual	100	0	100	-	7100	0	7100		-
(c-v) Foreign Corporate Bodies	61591026	0	61591026	1.46	41887486	0	41887486	0.99	(-) 0.47
(c-vi) IEPF	940	0	940	-	32417	0	32417	0	-
(c-vii) Qualified Institutional Buyer	-	-	-	-	4988867	0	4988867	0.12	0.12
Sub-Total (B)(2)	**123616161**	**2289866**	**125906027**	**2.98**	**117953934**	**2148250**	**120102184**	**2.84**	**(-) 0.14**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**1479453824**	**2710866**	**1482164690**	**35.08**	**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**	**2569250**	**4225319000**	**100**	**-**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	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	Vedanta Limited	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. Todarwal**	
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 (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	81,51,771	1,88,18,739	2,69,70,510
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	NIL				
B. DIRECTORS Penalty Punishment Compounding					
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding					

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

Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered	Project or Programme 1. Local area or otherwise 2. Specify the district		Amount Outlay ₹ in Lakh (budget)	Amount Spent (₹ in Lakh)		Total	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	1,733	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	146	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	606	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	1,254	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	132	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	2,104	8,304	Direct/ Implementing Agency	HZL, Smile Foundation, Jimmedari Foundation, Dainik Bhaskar
7	Hospital Upgradation	Health, Water & Sanitation	Local area	Udaipur	5	0	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	1,036	3,253	Implementing Agency	Skill Council for Mining Sector & Indian Institute Skill Development, TeamLease Skills University, Ambuja Cement Foundation
9	Agriculture Project (SAMADHAN Project)	Sustainable Livelihood	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	782	509	0	509	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 1. Local area or otherwise 2. Specify the district		Amount Outlay ₹ in Lakh (budget)	Amount Spent (₹ in Lakh)		Total	Cumulative Spend till reporting period (₹ in Lakh)	Amount Spent, Direct or implementing agency	Name of Implementing Agency
			Area	Name of District		Direct	Overheads				
10	Animal Husbandary project	Sustainable Livelihood	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara	0	0	0	0	284	Direct/ Implementing Agency	
11	Women Empowerment (SAKHI Project)	Women Empowerment	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara	1,591	498	0	498	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	853	0	853	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	1,212	0	1,212	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	168	0	168	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	335	0	335	2,250	Direct/ Implementing Agency	HZL, Maharana Kumbha Sangeet Parishad, Seher, Pandit Chaturlal Memorial Trust
16	Social Forestry/ Environment	Environment	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	839	335	0	335	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	57	0	57	239	Direct	HZL, Taru Leading Edge, Subhash Mittal & Associates
18	STP – Maintenance and depreciation	Health, Water & Sanitation	Local area	Udaipur	850	1,727	0	1,727	5,303	Direct	HZL
19	Programme Management	Programme & Admin	Local area	Udaipur, Rajsamand, Chittorgarh, Bhilwara and Ajmer	580	0	460	460	2,406	Direct	HZL, Shrushti Seva Samiti
20	Miscellaneous initiatives		Local area	Udaipur	0	0	0	0	1,276	Direct	HZL
	Total CSR				**21,850**	**12,704**	**460**	**13,165**	**60,251**		

Corporate Governance Report

CODE OF GOVERNANCE

Company's Philosophy of 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 March 31, 2020, 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). 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 more than 6 years. Against the requirement of one woman director, company is having three women directors at the year end.



- Non-executive and Non-independent Chairman
- Executive and Whole-time Directors
- Non-executive and Non-independent Directors
- Non-independent Directors



- Men
- Women

(ii) Number of Board Meetings

The Board of Directors met five times during the financial year, on May 02, July 19, August 21, October 29 in 2019 and on January 20 in 2020. 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	No. of Meetings Attended	Whether Attended Last AGM	No. of Outside Directorships of Public Companies	No. of Outside Committee Member-ships#	No. of Outside Committee Chairmanships#
Mrs. Kiran Agarwal	Relative of Mr. Navin Agarwal	NED	5	5	Yes	-	-	-
Mr. Navin Agarwal	Relative of Mrs. Kiran Agarwal	NED	5	5	No	1@	-	-
Mr. A. R. Narayanaswamy	None	ID & NED	5	5	Yes	6@	5	2
Mr. Arun L. Todarwal^	None	ID & NED	5	5	Yes	8@	5	4
Mr. Sunil Duggal^^	None	ED	5	4	Yes	1	-	-
Ms. Reena Sinha Puri$	None	NED	5	5	No	3	2	-
Ms. Farida M. Naik$	None	NED	5	3	No	-	-	-

Notes:

$ Nominees of Government of India

Only Audit Committee and Stakeholder Relationship Committee considered as per SEBI (LODR)

@ Excludes foreign companies: Mr. Arun L. Todarwal-1, Mr. A. R. Narayanaswamy-1, 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

^ Holds 2,000 shares in his name, 1,200 shares held by relatives.

^^ 12 shares held by relative.

Corporate Governance Report continued

Directorship in Other Listed Companies in India

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 Chairman
Mr. Sunil Duggal (07291685)	-	-
Mr. A. R. Narayanaswamy (00818169)	Sterlite Technologies Limited	Director
	Bharat Aluminium Company Limited	Director
Mr. Arun L. Todarwal (00020916)	Sterlite Technologies Limited	Director
	Anuh Pharma Limited	Director
	Welspun India Limited	Director
	Welspun Global Brands Limited	Director
Mrs. Reena Sinha Puri (07753040)	Bharat Aluminium Company Limited	Director
	Coal India Limited	Director
	Northern Coalfields Limited	Director
Ms. Farida M. Naik (07612050)	-	-

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 summarises 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 organisation 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 organisation 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	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sunil Duggal	✓	✓	✓	✓	✓	✓	✓	✓	✓
A. R. Narayanaswamy	✓	✓	✓	✓	✓	✓	✓	✓	
Arun L. Todarwal	✓	✓	✓	✓	✓	✓	✓	✓	
Reena Sinha Puri	✓	✓	✓	✓	✓	✓	✓	✓	
Farida M. Naik	✓	✓		✓	✓	✓	✓	✓	

(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

Corporate Governance Report continued

- 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.

(v) Remuneration to Directors

Non-executive Directors except Government Directors in the employment of the 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 Director is as per the approval granted by the Board and the shareholders. For FY 2019-20, 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.

Table 2 A: Sitting fee and Commission of Non-executive Directors for FY 2019-20 (In ₹)

Name of Director	Category	Sitting fees	Commission
Mrs. Kiran Agarwal, Chairman	Non-executive	2,75,000	25,00,000
Mr. Navin Agarwal	Non-executive	2,50,000	15,00,000
Mr. A. R. Narayanaswamy	Independent	5,75,000	15,00,000
Mr. Arun L. Todarwal	Independent	4,75,000	15,00,000

Table 2 B: Remuneration paid to Executive Director for FY 2019-20 (In ₹)

Name of Director	Category	Salary, perquisites & other allowances	Stock option of ultimate holding Company	Total
Mr. Sunil Duggal	CEO & Whole-time Director	6,16,71,451	-	6,16,71,451

Non-executive Directors, other than Mr. Arun L. Todarwal, 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.

During FY 2019-20, 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 once during the financial year 2019-20 on January 29 & 30, 2020. 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.hzlindia.com/investors/corporate-governance/

(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.

(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.
Ms. Farida M. Naik would retire in upcoming AGM and being eligible, has offered herself for re-appointment. A brief profile of Ms. Farida M. Naik is as follows.

Ms. Farida M. Naik
Director

Ms. Farida M. Naik was appointed on the Board on March 14, 2017. She is currently a Director in Ministry of Mines, Government of India. She has held various positions in different ministries and departments of Central Government, which includes her last stint as Joint Director of National Book Trust.

She is an alumnus of Sophia College, Mumbai from where she graduated in Psychology.

(xi) Committees of the Board

The Company has five Board-level committees Audit Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Nomination & Remuneration Committee and Risk Management Committee.

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

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	-	-
Mr. Navin Agarwal	Member	-	-	-	-	-
Mr. A. R. Narayanaswamy	Member	Chairman	Chairman	Member	Chairman	Chairman
Mr. Arun L. Todarwal	Member	Member	-	Chairman	-	-
Mr. Sunil Duggal	Member	-	Member	-	Member	Member
Ms. Reena Sinha Puri	Member	Member	-	-	Member	-
Ms. Farida M. Naik	Member	-	Member	-	-	-
Total no. of members	**7**	**3**	**3**	**3**	**3**	**2**

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:

- fficiency 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. A. R. Narayanaswamy 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 May 02, July 19 and October 29 in 2019 and on January 20, 2020. The details of the Audit Committee are given in Table 3.

Corporate Governance Report continued

Table 3: Attendance record of Audit Committee Meetings

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended	Sitting fees (₹)
Mr. A. R. Narayanaswamy	Chairman	ID & NED	4	4	1,00,000
Mr. Arun L. Todarwal	Member	ID & NED	4	4	1,00,000
Ms. Reena Sinha Puri	Member	NED	4	4	-

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. A. R. Narayanaswamy 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 pre-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. A. R. Narayanaswamy is the Chairman of the Stakeholders Relationship Committee. The Committee met twice during the financial year under review on May 02, 2019 and January 20, 2020.

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	No. of Meetings Attended	Sitting fees (₹)
Mr. A. R. Narayanaswamy	Chairman	ID & NED	2	2	50,000
Mr. Sunil Duggal	Member	ED	2	2	-
Ms. Farida M. Naik	Member	NED	2	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 2019-20 is given in Table 5.

Table 5: Nature of complaints received and attended to during FY 2019-20

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	19
2.	Number of complaints resolved	19
3.	Number of complaints not resolved to the satisfaction of the investors as on March 31, 2020	0
4.	Complaints pending as on March 31, 2020	0
5.	Number of Share transfers pending for approval, as on March 31, 2020	0

Corporate Governance Report continued

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.

c) Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee as on March 31, 2020 consisted of three members. The Committee met twice during the financial year under review on April 25, 2019 and January 30, 2020.

Mr. A. R. Narayanaswamy is the Chairman of the Committee, while Mr. Sunil Duggal and Mrs. Reena Sinha Puri are the members.

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 ₹131.65 Crore on CSR activities.

Table 6: Attendance Record of CSR Committee Meetings

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended	Sitting fees (₹)
Mr. A. R. Narayanaswamy	Chairman	ID & NED	2	2	50,000
Mr. Sunil Duggal	Member	ED	2	1	-
Mrs. Reena Sinha Puri	Member	NED	2	1	-

d) Nomination & Remuneration Committee

The Nomination & Remuneration Committee as on March 31, 2020 consisted of three members. The Committee met four times during the financial year under review on May 02, August 07, August 21and December 20, 2019. 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	No. of Meetings Attended	Sitting fees (₹)
Mr. Arun L. Todarwal	Chairman	ID & NED	4	4	1,00,000
Mr. A. R. Narayanaswamy	Member	ID & NED	4	4	1,00,000
Mrs. Kiran Agarwal*	Member	NED	3	1	25,000

*Appointed as member on 02/05/2019

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 March 31, 2020 consisted of two members. Mr. A. R. Narayanaswamy is the Chairman of the Committee and Mr. Sunil Duggal is the member. Due to COVID-19 lockdown across India, committee meeting could not be held. However, Risk Management Committee meeting for the year 2019-20 will be held before June 30, 2020, being the extended time provided by SEBI. 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 minimisation procedures. Please refer to the Risk Management section of this annual report for more details.

SHAREHOLDERS MATTERS

(i) Dividend

During the year, the Company declared interim dividend of 825% i.e. ₹16.50 per share of ₹2/- each.

(ii) 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 2019-20 to BSE and NSE have been paid. The addresses of stock exchanges are as under:

BSE Limited 25th 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

Corporate Governance Report continued

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	

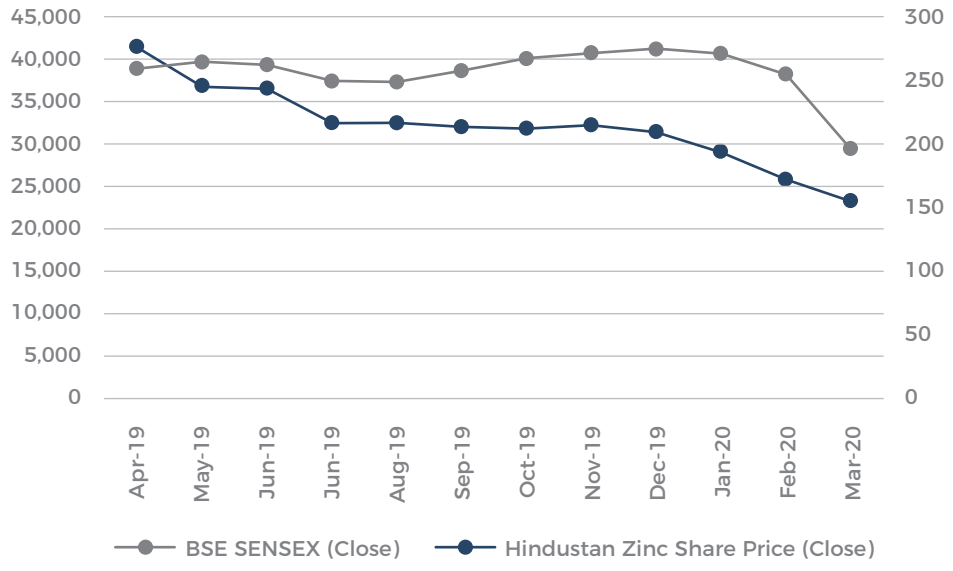
(iii) Stock Market Data

Table 9: High, Lows and Volumes of the Company's Shares for FY 2019-20

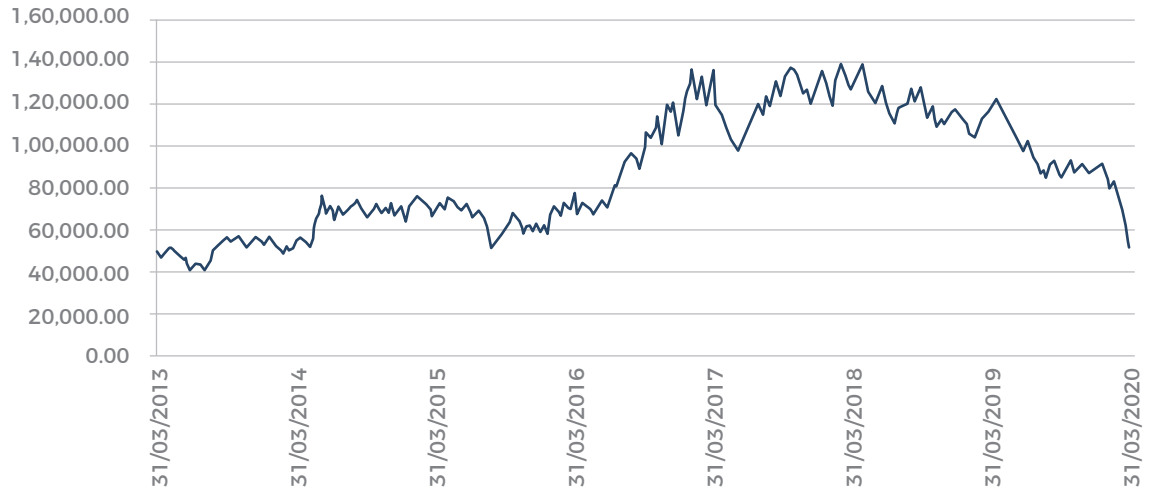
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (No. of Shares)	High (₹)	Low (₹)	Volume (No. of Shares)
Apr-19	291.80	268.50	735176	291.65	268.25	11521474
May-19	277.80	245.00	655286	277.60	244.55	15230288
Jun-19	251.80	225.70	607113	251.70	225.85	16301372
Jul-19	248.45	211.40	745532	248.55	211.05	18545635
Aug-19	222.15	193.00	1302564	222.30	193.05	20176074
Sep-19	224.10	197.30	1490417	224.00	197.25	25940740
Oct-19	225.00	199.00	1199369	224.80	203.00	15183134
Nov-19	220.85	205.55	946217	220.65	205.05	15857375
Dec-19	217.8	204.25	447504	217.95	204.50	7900407
Jan-20	224.60	193.35	969137	224.45	193.50	17375651
Feb-20	198.40	170.00	697937	198.70	170.00	8989774
Mar-20	177.00	122.00	1416127	177.15	116.05	15013606

Chart: Share Performance versus BSE Sensex

Hindustan Zinc Share Price/BSE (Sensex) Monthly Close



Market Capitalisation Performance from March 31, 2013 to March 31, 2020 (₹ In Crore)



(iv) 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 March 31, 2020.

Table 10: Shareholding Pattern by Size on March 31, 2020

Distribution schedule as on March 31, 2020						
Sl. No.	No. of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1	1 - 5000	132794	98.68	34723289	0.82
2	5001 - 10000	916	0.68	6993335	0.17
3	10001 - 20000	507	0.38	7375009	0.17
4	20001 - 30000	112	0.08	2779548	0.07
5	30001 - 40000	61	0.05	2137955	0.05
6	40001 - 50000	37	0.03	1702815	0.04
7	50001 - 100000	57	0.04	4253316	0.10
8	100001 & ABOVE	83	0.06	4165353733	98.58
	Total	**134567**	**100.00**	**4225319000**	**100.00**

Corporate Governance Report continued

Table 11: Shareholding Pattern by ownership as on March 31, 2020

Category			No. of Shares	% of Shareholding
A	**PROMOTER'S HOLDING**			
	1 **PROMOTERS**			
		- INDIAN PROMOTORS VEDANTA LIMITED	2743154310	64.92
		- FOREIGN PROMOTORS	0	
		Sub-Total (A) (1)	**2743154310**	**64.92**
B	**PUBLIC SHARE HOLDING**			
	1 **Institutions**			
		(a) Mutual Funds	17311123	0.41
		(b) Venture Capital Funds	0	0.00
		(c) Alternate Investment Fund	591000	0.01
		(d) Foreign Venture Capital Investors	0	0.00
		(e) Foreign Portfolio Investors	41998486	0.99
		(f) Financial Institutions/Banks	1278038	0.03
		(g) Insurance Companies	90654448	2.15
		(h) Provident Funds/Pension Funds	0	0.00
		(i) Any other	0	0.00
		Qualified Institutional Buyer	4988867	0.12
		Sub-Total (B) (1)	**156821962**	**3.71**
	2 **Central Governments/State Governments**		2015181	0.04
		Sub-Total (B) (2)	**2015181**	**0.04**
	3 **Non-Institutions**			
		(a) (i) Individual Shareholders holding nominal share capital up to ₹2 Lakh	49559649	1.17
		(ii) Individual Shareholders holding nominal share capital in excess of ₹2 Lakh	1373722	0.03
		(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	159276	0.00
		Trusts	142650	0.00
		Non-Resident Indian	1816476	0.04
		Clearing Members	139098	0.00
		Other Schedule Banks	0	0.00
		Non-Resident Indian Non-Repatriable	787833	0.02
		Bodies Corporate	19346708	0.46
		IEPF	32417	0.00
		HUF	2004200	0.05
		Foreign Nationals	7100	0.00
		Sub-Total (B) (3)	**1323327547**	**31.32**
		Total Public Shareholding (B)= (B) (1)+(B) (2)+(B) (3)	**1,482,164,690**	**35.08**
		GRAND TOTAL	**4,225,319,000**	**100.00**

v) 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 4222749750 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.

(vi) Outstanding GDRs/ ADRs/ Warrants/ Options

The Company has not issued any Global Depository Receipts/ American Depository Receipts/ Warrants/ Options.

(vii) Details of Public Funding Obtained in the Last Three Years

No public funding has been obtained in the last three years.

(viii) 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.hzlindia.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 and CFO 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 2019-20

Description	Date
Unaudited Financial Results for the quarter ended on June 30, 2019	July 19, 2019
Unaudited Financial Results for the quarter and half year ended on September 30, 2019	October 29, 2019
Unaudited Financial Results for the quarter and nine months ended on December 31, 2019	January 20, 2020
Audited Financial Results for the quarter and year ended on March 31, 2020	May 21, 2020

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.

(ix) General Body Meetings

Table 13: Details of the last three General Body Meetings

Date	AGM	Location	Time
August 18, 2017	51st AGM	Yashad Bhawan, Udaipur, Rajasthan	2.30 P.M.
August 31, 2018	52nd AGM	Yashad Bhawan, Udaipur, Rajasthan	2.30 P.M.
July 31, 2019	53rd AGM	Yashad Bhawan, Udaipur, Rajasthan	2.30 P.M.

In the last three Annual General Meetings, special resolution was passed only for the reappointment of Statutory Auditors.

Annual General Meeting

Date: September 3, 2020
Time: 12 Noon
Venue: VC/OAVM

Financial Calendar

The Company follows the financial year i.e. April to March for accounting purposes.

For the year ending March 31, 2021, financial results will be announced within the statutory time period provided under the Act.

Book Closure

The dates of book closure are from August 31, 2020 to September 2, 2020, both days inclusive.

(x) Postal Ballot

During the current year, no approval of shareholders was taken through Postal Ballot.

Corporate Governance Report continued

(xi) 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 - 500 032 | India
Ph. No.: +91 40 67161591
Fax No.: 040-23311968
E-mail: 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 joinees.

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.hzlindia.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 2019-20. 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 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 2019-20, 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. 36 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. As per Section 177 and 188 of the Companies Act, 2013, Related Party Transaction policy is also available on the Company website, https://www.hzlindia.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 ₹36.10 Lakh on the Company and the same had been paid.

(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 E-mail ID for lodging the complaints under Vigil Mechanism or Whistle-Blower is hzl.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 March 31, 2020 is as follows:

	Amount (₹)
Audit and related services	1,91,11,000
Other fees	10,14,934
Total	**2,01,25,934**

Corporate Governance Report continued

(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.

Sl. 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				Total
					Domestic market		International market		
					OTC	Exchange	OTC	Exchange	
1	Zinc	126,451,161,519	MT	680,017	0%	0%	40%	9%	48%
2	Silver	24,445,580,708	MT	586	0%	0%	22%	16%	37%
3	Lead	26,992,304,154	MT	179,663	0%	0%	75%	0%	75%

1. The term 'exposure' shall mean gross exposure of the listed entity including exposure both on the asset and liability side.
2. 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 and CFO Certification

The CEO and CFO certification of the Financial Statements for FY 2019-20 is enclosed at the end of this report.

(k) 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 Affairs, or any such other Statutory Authority, as stipulated under Regulation 34(3) of the Listing Regulations, is attached to this Report.

(l) The Company has complied with all mandatory requirements of SEBI (LODR) Regulations, 2015 including discretionary requirements. The ones not yet adopted are as follows:

- 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.

(m) Additional Shareholder Information

Registered Office

Hindustan Zinc Limited
Yashad Bhawan
Udaipur – 313 004
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)

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)
Osiyan	:	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 – 313 004,
Rajasthan

Corporate Governance Report continued

COMPLIANCE CERTIFICATE UNDER REGULATION 17(8) OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATION, 2015

A. We, Sunil Duggal, CEO & Whole-time Director and Swayam Saurabh, Chief Financial Officer 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 our 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. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We 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.

Swayam Saurabh
Chief Financial Officer

Sunil Duggal
CEO & Whole-time Director

Date: May 21, 2020
Place: Udaipur

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 - 313 004

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Hindustan Zinc Limited and having CIN L27204RJ1966PLC001208 and having registered office at Yashad Bhavan, Yashadgarh, Udaipur, Rajasthan – 313 004 (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) 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 March 31, 2020 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:

Sl. No.	Name of director(s)	Director Identification Number	Date of appointment in Company
1	Navin Agarwal	00006303	11.04.2002
2	Arun L. Todarwal	00020916	11.03.2015
3	A. R. Narayanaswamy	00818169	30.03.2009
4	Kiran Agarwal	02227122	02.03.2019
5	Sunil Duggal	07291685	01.10.2015
6	Farida M. Naik	07612050	14.03.2017
7	Reena Sinha Puri	07753040	29.12.2016

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: A028994B000174084

Date: April 29, 2020
Place: Delhi

Corporate Governance Report continued

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 March 31, 2020 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 that 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 March 31, 2020 and verified that 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 April 1, 2019 to March 31, 2020:

      (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 where in such related party transactions have been pre-approved prior 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.

QUALIFIED OPINION

10. 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 stated in paragraph 9 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 March 31, 2020, referred to in paragraph 4 above.

OTHER MATTERS AND RESTRICTION ON USE

11. 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.

12. 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: 20041870AAAAAM4829

Place: Mumbai
Date: May 21, 2020

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 – 313 004 (Rajasthan) India
4.	Website	www.hzlindia.com
5.	E-mail ID	hzl.cosecy@vedanta.co.in
6.	Financial Year reported	April 1, 2019 – March 31, 2020
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	₹18,561 Crore
3.	Total profit after taxes	₹6,805 Crore
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹131.65 Crore, equivalent to 1.93% 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

Sl. No.	Particulars	Details
1.	DIN Number (if applicable)	07291685
2.	Name	Mr. Sunil Duggal
3.	Designation	Chief Executive Officer & Whole-time Director
4.	Telephone number	0294 6604000
5.	E-mail ID	hzl.cosecy@vedanta.co.in

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?	https://www.hzlindia.com/about-hzl/code-of-conduct/								
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 hzl.cosecy@vedanta.co.in or hzl.whistleblower@vedanta.co.in								
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 Sl. 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 FY 19 and same is hosted on the Company website. Same is being finalised for FY 20 and will also be hosted on the Company website.

Business Responsibility Report continued

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.**

   19 investor complaints were received during FY 2020 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.**

   Our three major products are zinc, lead and silver metal. We make all efforts to ensure that we produce in a safe and environmentally responsible manner. Over the year, we have constantly improved our recoveries, reduced hazardous waste generation, improved energy consumption and adopted new technologies to optimally use available natural resources to improve our environment footprint. Below are three illustrations:

   - Zinc in Jumbo shape helps in lesser zinc wastage, ease of handling, cost efficiency and better safety in customer's operations. The smaller surface area to weight ratio of zinc jumbos compared to small ingot means less turbulence during galvanizing bath and therefore less ash is produced.
   - Continuous Galvanizing Grade (CGG) zinc alloy as per customer requirement removes the need to alloy at customer's premises and thus saves energy, cost and improves bath management during galvanizing.
   - 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.

   We are in the process of initiating studies in collaboration with professors from premier institutes of the country to establish the benefits of our product like CGG & EPG.

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 recognise our operation as an energy-intensive business. We endeavour 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 optimise 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. We periodically monitor progress in energy and climate change management and guide implementation of best practices to maximise our offsets and achieving the Science based targets (Company is committed to reduce absolute Scope 1 and 2 GHG emissions by 14% by 2026 and absolute Scope 3 GHG emissions by 20% by 2026 from a 2016 base-year.). Switching from High speed Diesel to Pipe Natural Gas, Installation of shaft at mines, Installation of VFDs to reduce Auxiliary Power Consumption, Cell house Efficiency improvement etc. are efforts towards reduction of energy consumption during the year.

   To reduce our dependency on non-renewable energy sources we are optimising 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) programme by United Nations Framework Convention on Climate Change (UNFCCC) as well as under Gold Standard. For its captive use, the Company have solar power capacity of 39.64 MW. 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.

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 maximisation of water recycling opportunities to help minimise use of fresh water and maintaining Zero discharge.

During the year, 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, 15 MLD of STP capacity is under commissioning 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?**

	2018-19		2019-20	
	Sp. Energy Consumption	Sp. Water Consumption*	Sp. Energy Consumption	Sp. Water Consumption*
HZL	20.47	15.73	**20.39**	**14.51**

Energy (GJ/MT of Metal)
Water (m3/MT of Metal)
* Including Udaipur STP treated water

ii. There is reduction in energy consumption by 0.39% and 7.76% in water consumption

iii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Our product like Die-casting alloy provides energy savings to the customers as it is an alloy. Hence the customer doesn't needs re-melt the zinc ingot to make an alloy.

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 minimise 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 in conjunction with transporters and third parties, mechanised shutter vehicles for movement of concentrate. This has been introduced during the year and thereby reducing spillage, pilferage and dust pollution on the roads. We are increasing transportation of raw material and finished goods through Rail which will help in reduction in carbon emission. The Company also encourages Vendors to set up local manufacturing units in vicinity of our operations to reduce transportation.

Business Responsibility Report continued

Few such initiatives like setting up manufacturing unit for ground support items, Fly ash grinding unit etc are in advance stage of commissioning.

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. There is limited industrial activity around our operations. We are actively promoting 'Make in India' concept and based on our request some of our major suppliers had set up manufacturing facility in proximity of our operations which had lead 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.

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.

   Hindustan Zinc believes in Zero Waste and has aligned waste management practices to '4-R Policy" Reduce, Reuse, Recycle, and Reclaim in our operations. HZL 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% utilised 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 utilised 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 39.36% (FY 2019: 36%) and 31% of the waste generated during the year recycled. (FY 2019: 28%)

PRINCIPLE 3: EMPLOYEE WELL-BEING

1. **Please indicate the total number of employees.**

   We have a total of 4198 employees categorised under executives & non-executives as on March 31, 2020

2. **Please indicate the total number of employees hired on temporary/ contractual/ casual basis.**

   We have a total of 14,954 employees as our contractors as on March 31, 2020

3. **Please indicate the number of permanent women employees.**

   We have a total of 427 women employees (Executive and Non-Executives) as on March 31, 2020

4. **Please indicate the number of permanent employees with disabilities**

   As an organisation we follow Equal Opportunity Policy hence we do not track disabilities number Separately

5. **Do you have an employee association that is recognised by the management?**

   Yes, we have recognised trade unions at Hindustan Zinc

6. What percentage of your permanent employees are members of this recognised 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

Sl. 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 March 31, 2020)	%	Skill Upgradation Training	%
Permanent Executives*	1178	**4198**	NA	2388	NA
Permanent Women Employees	188	**427**	NA	382	NA
Contractual Employees	105606	**14954**	NA	28644	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 & marginalised stakeholders.

Identification of the disadvantaged, vulnerable and marginalised stakeholders is an on-going process. In particular, 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 marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, we engage with the disadvantaged, vulnerable and marginalised 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 700 PwDs. We have also engaged Noida Deaf Society through which we have been able to carry out following major activities in the institutions:

- Indian Sign Language training has been integrated for hearing impaired students and their teachers
- Pre-vocational training in computer and English for the hearing impaired students for senior classes.

Business Responsibility Report continued

Our intervention for the visually impaired (VI) involves Technology based learning for students by giving android smart phones to access books through Bookshare, world's largest online library for visually impaired.

Awareness sessions were an important part of the programme. Two such sessions were –

- Workshops on menstrual hygiene & prevention of sexual violence for hearing impaired girls
- Sensitisation session for parents of deaf; awareness on career prospects, gender equality and issue of child marriage

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 organisation. 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.

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, 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 optimising renewable energy through solar power and wind power plant (39.64 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 organisation 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, Water Management and to minimise greenhouse gas emissions. We are publically disclosing our Scope 1, Scope 2 and Scope 3 GHG emissions through climate change CDP disclosure.

   We become signatory to Science Based Target initiative (SBTi) and committed to reduce absolute Scopes 1 and 2 GHG emissions 14% by 2026 from a 2016 base year and committed to reduce absolute Scope 3 GHG emissions 20% by 2026 from a base year 2016.

   Most of our operations are in state of Rajasthan which is water scare region and we see a climate change as a material concern for our business and stakeholders. Our focus is on both climate mitigation and adaption 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 optimisation, efficiency improvement, alternative source of energy use etc. We planted ₹1.57 Lakh 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 endeavour to minimise our carbon footprint and voluntarily participate in Carbon Disclosure Project programme 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 5th globally in Dow Jones Sustainability Index in metal and mining industries for our Sustainability Performance and ranked 1st 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 recognised 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) programme by United Nations Framework Convention on Climate Change (UNFCCC) and Verified Carbon Standard programme by VEERA. These projects also registered as Gold Standard. This year solar project at Dariba and Debari registered under CDM and now our 12 projects are registered under CDM.

For its captive use, the Company have solar power projects of 39.64 MW. The green power generated from it have reduced carbon footprint by 73780 MT of CO_2 emission per annum. In addition, there is 35.4 MW of power capacity through waste heat recovery from roasters and steam turbo generator, out of which 9.4 MW is registered under CDM along with 21 TPH Low Calorific Value boilers for steam generation project. Company also planning to enhance its WHRB capacity by addition of 5.58 MW STG project at Dariba lead smelter and 8.6 MW in fumer plant at Chanderia plant in this year.

During FY 2020, 674.91 million units of green power was generated as compared to 677 million units in FY 2019.

The 12 UNFCCC registered projects have the potential to reduce the Company's carbon

Business Responsibility Report continued

footprint by 649914 MT of CO_2 emission per annum while unregistered projects provide reduction of 131178 tonnes CO_2 emissions per annum.

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 39.64 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.

   The Corporate Office in Udaipur is a certified Platinum rated Green Building. Several green features are implemented to enhance the building performance.

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 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 minimisation, 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

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 organisation?**

   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 FY 2020 was ₹131.65. 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 33 complaints received during FY 2020, 31 complaints have been resolved as of March 31, 2020, while 2 complaints are pending for 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.**

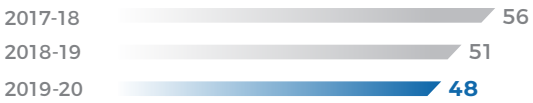
   No.

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 have conducted the survey, where we engaged with 214 customers (both domestic and export customers, for all the three metals). The survey has adopted cluster approach and HZL performed better in Domestic Zinc Market in all business parameters compared to FY 2018 survey.

Performance Ratios

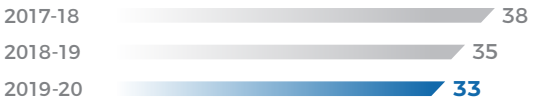
EBITDA Margin
(%)



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.

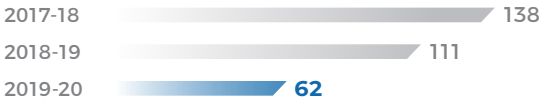
Return On Capital Employed
(%)



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.

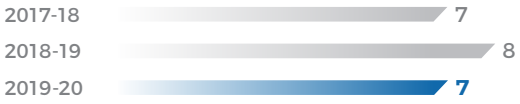
Debtor Turnover Ratio
(times)



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.

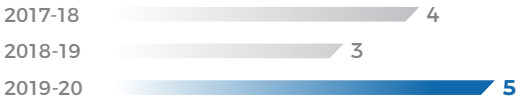
Inventory Turnover Ratio
(times)



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.

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 of the Balance sheet as at March 31 2020, 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, 2020, 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, 2020. 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
Claims and exposure relating to taxation and litigation (as described in Note 3(III)(B), 28 and 30 of the Ind AS financial statements)	
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. 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.	Our audit procedures included the following:- • 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 tests of controls. • 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. • Inspected external legal opinions and/or past judicial orders, wherever considered necessary, and other evidence to corroborate management's assessment of the risk profile in respect of legal claims.

Key audit matters	How our audit addressed the key audit matter
	• Engaged tax specialists to technically assess the management's positions on tax disputes. • Assessed the relevant disclosures made within the financial statements to address whether they appropriately reflect the facts and circumstances of the respective tax and legal exposures as per the requirements of relevant accounting standards.
Revenue recognition (as described in Note 3.(I) (d) and 20 of the Ind AS financial statements)	
We have identified recognition of revenue in the appropriate period as a key audit matter, since variety of terms define when a control has been transferred to the customer. Additionally, restrictions had been put in place for movement of goods close to the year end due to the outbreak of Covid-19 pandemic. This gives rise to the risk that revenue may not be recognised in the correct period.	Our audit procedures included the following:- • Assessed the Company's accounting policy for revenue recognition and its compliance with Ind AS 115. • Performed walkthroughs and test of controls, assisted by IT specialists, of the revenue recognition processes and assessed the design and operating effectiveness of key controls. • Obtained from the management the details of goods that were dispatched after restrictions were imposed on movement of goods and agreed the same to the underlying documents. • Selected samples of sales made pre and post year end and evaluated if the period of revenue recognition was as per the provisions of the relevant accounting standards and the contract terms with the customers and tested the same with the relevant third party documents.

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, 2020 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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, 2020 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 28 and 30 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

sd/-
per **Sudhir Soni**
Partner
Membership Number: 41870
UDIN: 20041870AAAAAK7208

Place: Mumbai
Date: May 21, 2020

HINDUSTAN ZINC
Zinc & Silver of India

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, 2020 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.

(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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, duty of custom, duty of excise, goods and services tax, cess and other statutory dues applicable to it. 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, duty of excise, 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	2,140	1997-98 to 2010-2011, 2013-14, 2015-2016	Commissioner of Income Tax (Appeals)
		4,827	1988-1989 to 1990-1991, 1992-1993, 1997-98, 2007-2008, 2012-13 to 2014-15	Income Tax Appellate Tribunal
		2,765	1989-90 to 2011-12	High Court / Supreme Court
Customs Act, 1962	Customs duty	49	2009-10 to 2012-13	CESTAT
		0.03	2015-16	Commissioner (Appeals)

Name of the statute	Nature of the dues	Amount (₹ in Crore)*	Period (Financial year) to which amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty	125	1991-92 to 1992-93, 1995-96 to 2016-17	CESTAT
		12	1991-92, 1998-99 to 2016-17	Commissioner (Appeals)
		11	1997-06, 2008-09 to 2011-12	High Court
Rajasthan sales tax act, 1994	Sales tax	86	1998-99 to 1999-00, 2001-02 to 2003-04, 2009-10 to 2017-18	Commissioner (Appeals)
		4	2007-08	High Court
		0.28	2018-19	CESTAT
		1	1985-86	Supreme Court
Finance Act, 1994	Service tax	17	2002-03 to 2017-18	Commissioner (Appeals)
		21	1996-97 to 1997-98, 2004-05 to 2015-16	CESTAT
		73	2004-05, 2008-09 to 2011-12, 2016-17	High Court

*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 banks. The Company did not have any outstanding dues in respect of financial institutions, government and debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any monies by way of initial public offer / further public offer / debt instruments or term loans and accordingly, reporting under clause 3(ix) of the Order is not applicable to the Company and hence not commented upon.

(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

sd/-
per **Sudhir Soni**
Partner
Membership Number: 41870
UDIN: 20041870AAAAAK7208

Place: Mumbai
Date: May 21, 2020

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, 2020 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 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting 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 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

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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

sd/-
per **Sudhir Soni**
Partner
Membership Number: 41870
UDIN: 20041870AAAAAK7208

Place: Mumbai
Date: May 21, 2020

HINDUSTAN ZINC
Zinc & Silver of India

Balance Sheet

as at 31 March 2020

(₹ in Crore)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non-current assets			
a) Property, plant and equipment	4	**16,217**	14,668
b) Capital work-in-progress	4	**2,489**	2,254
c) Intangible Assets	5	**252**	110
d) Financial assets			
i) Loans	6	**13**	13
ii) Others	13	**40**	38
e) Deferred tax assets (net)	30	**1,822**	1,925
f) Other non-current assets	7	**480**	638
g) Income tax assets		**849**	1,240
Total Non-current assets		**22,162**	**20,886**
Current assets			
a) Inventories	8	**1,835**	1,544
b) Financial Assets			
i) Investments	9	**20,329**	19,488
ii) Trade receivables	10	**401**	196
iii) Cash and cash equivalents	11	**1,878**	2
iv) Other Bank balances	12	**40**	21
v) Loans	6	**2**	3
vi) Others	13	**6**	4
c) Other current assets	7	**322**	314
Total Current assets		**24,813**	**21,572**
TOTAL		**46,975**	**42,458**
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	14	**845**	845
b) Other equity		**39,465**	32,760
Total Equity		**40,310**	**33,605**
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Other financial liabilities	15	**22**	19
b) Other non-current liabilities	17	**1,068**	945
c) Provisions	16	**162**	145
Total Non-current liabilities		**1,252**	**1,109**
Current liabilities			
a) Financial liabilities			
i) Borrowings	18	**611**	2,538
ii) Trade payables	19		
a) Total outstanding dues of Micro, Small and Medium Enterprises		**36**	52
b) Total outstanding dues to creditors other than Micro, Small and Medium Enterprises		**1,452**	1,122
iii) Other financial liabilities	15	**1,487**	1,401
b) Other current liabilities	17	**1,694**	2,397
c) Provisions	16	**70**	74
d) Current tax liabilities		**63**	160
Total Current liabilities		**5,413**	**7,744**
TOTAL		**46,975**	**42,458**

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: May 21, 2020
Place: Mumbai

For and on behalf of the Board of Directors

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

Swayam Saurabh
Chief Financial Officer

Date: May 21, 2020
Place: Udaipur

A. R. Narayanaswamy
Director
DIN: 00818169
Place: Mumbai

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in Crore)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	20A	18,332	20,834
Other Operating income	20B	229	284
Other income	21	1,934	1,782
Total Income		**20,495**	**22,900**
Expenses:			
(Increase)/Decrease in inventories of finished goods and work-in-progress	22	(291)	(64)
Employee benefits expense	23	689	905
Finance costs	24	112	113
Depreciation and amortisation expense	25	2,279	1,883
Power and fuel		1,704	1,758
Mining Royalty		2,353	2,628
Other expenses	26	5,259	5,221
Total expenses		**12,105**	**12,444**
Profit before tax		**8,390**	**10,456**
Tax expense :			
Current tax	30	1,428	2,220
Deferred tax charge	30	157	280
Total tax expenses		**1,585**	**2,500**
Profit for the year		**6,805**	**7,956**
Other comprehensive income			
A) Items that will not be reclassified to profit or loss in subsequent period			
(a) Remeasurements gain/(loss) of the defined benefit plans		(154)	(36)
(b) Tax credit/(expense)		54	13
B) Items that will be reclassified to profit or loss in subsequent period			
(a) Effective portion of gains on hedging instrument in cash flow hedges		-	95
(b) Tax credit/(expense)		-	(33)
(c) Net gain/(loss) on FVOCI investments		-	(150)
(d) Tax credit/(expense)		-	17
Total other comprehensive income/ (loss)		**(100)**	**(94)**
Total comprehensive income for the year		**6,705**	**7,862**
Earnings per share (nominal value of shares ₹2)			
-Basic earnings per share (₹)	27	16.11	18.83
-Diluted earnings per share (₹)	27	16.11	18.83

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: May 21, 2020
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A. R. Narayanaswamy
Director
DIN: 00818169
Place: Mumbai

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

HINDUSTAN ZINC
Zinc & Silver of India

Statement of Cash Flow

for the year ended 31 March 2020

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit before tax	**8,390**	10,456
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation and amortisation expense	**2,279**	1,883
Interest expense	**112**	113
Interest income	**(988)**	(801)
Amortisation of deferred revenue arising from government grant	**(97)**	(69)
Net gain on investments measured at FVTPL	**(637)**	(550)
Net Loss/(Gain) on sale of Property, Plant and Equipment	**23**	(48)
Net Loss/(Gain) on sale of financial asset investments	**(209)**	(314)
Operating profit before working capital changes	**8,873**	**10,670**
Changes in assets and liabilities		
(Increase)/Decrease in Inventories	**(291)**	(165)
(Increase)/Decrease in Trade receivables	**(205)**	(12)
(Increase)/Decrease in Other current assets	**(13)**	73
(Increase)/Decrease in Other non current assets	**-**	(59)
Increase/ (Decrease) in Trade payables	**313**	227
Increase/(Decrease) in Other current liabilities	**(920)**	605
Increase/(Decrease) in non current liabilities	**(1)**	2
Cash flows from operations	**7,756**	**11,341**
Income taxes paid during the year	**(1,135)**	(2,560)
Net cash flows from operating activities	**6,621**	**8,781**
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchases of Property, Plant and Equipment (including intangibles, CWIP and Capital Advances)	**(3,637)**	(3,400)
Interest received	**523**	253
Deposits made during the year	**(4)**	-
Purchase of current investments	**(35,612)**	(41,660)
Proceeds from sale of current investments	**36,063**	43,656
Proceeds from sale of Property, Plant and Equipment	**19**	59
Net cash flows (used) in investing activities	**(2,648)**	**(1,092)**
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Interest and other finance charges paid	**(170)**	(208)
Proceeds from short-term borrowings	**6,945**	12,407
Repayment of short-term borrowings	**(8,869)**	(9,871)
Payment of principal portion of lease liabilities	**(4)**	-
Dividend and tax paid thereon	**-**	(11,958)
Net cash flows (used) in financing activities	**(2,098)**	**(9,630)**
Net increase /(Decrease) in Cash and cash equivalents	**1,875**	(1,941)
Cash and cash equivalents at the beginning of the year	**23**	1,964
Cash and cash equivalents at the end of the year (Refer Note 11)	**1,898**	**23**

Note:-

1. The figures in brackets indicates outflows.
2. 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: May 21, 2020
Place: Mumbai

For and on behalf of the Board of Directors

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

Swayam Saurabh
Chief Financial Officer

Date: May 21, 2020
Place: Udaipur

A. R. Narayanaswamy
Director
DIN: 00818169
Place: Mumbai

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

Statement of Changes in Equity

for the year ended 31 March 2020

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, 2020 and March 31, 2019	423	845

B. OTHER EQUITY

(₹ in Crore)

Particulars	Reserve and surplus			Items of other comprehensive income		Total
	Capital Reserve	Retained earnings	General reserve [2]	Effective portion of cash flow hedge	Debt instruments through OCI	
Balance as at April 01, 2018	1	24,632	10,383	(62)	133	35,087
Profit for the year	-	7,956	-	-	-	7,956
Other comprehensive income/(loss) net of tax	-	(23)	-	62	(133)	(94)
Total comprehensive income/(loss) for the year	**-**	**7,933**	**-**	**62**	**(133)**	**7,862**
Dividend declared - Paid [1]	-	(8,451)	-	-	-	(8,451)
Dividend distribution tax - Paid	-	(1,738)	-	-	-	(1,738)
Balance as at March 31, 2019	**1**	**22,376**	**10,383**	**-**	**-**	**32,760**
Profit for the year	-	6,805	-	-	-	6,805
Other comprehensive income (loss) net of tax		(100)	-	-	-	(100)
Total comprehensive income for the year	**-**	**6,705**	**-**	**-**	**-**	**6,705**
Balance as at March 31, 2020	**1**	**29,081**	**10,383**	**-**	**-**	**39,465**

(1) During previous year, the Company had declared interim dividend of ₹8,451 Crore (₹20.00 per share) in October 2018.

(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: May 21, 2020
Place: Mumbai

For and on behalf of the Board of Directors

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

Swayam Saurabh
Chief Financial Officer

Date: May 21, 2020
Place: Udaipur

A. R. Narayanaswamy
Director
DIN: 00818169
Place: Mumbai

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

Notes to the Financial Statements

for the year ended March 31, 2020

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 three 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 May 21, 2020.

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.

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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.

Notes to the Financial Statements

for the year ended March 31, 2020

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 realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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 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

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised 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 recognised 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 recognised 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 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 capitalised 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 capitalised.

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 recognised 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 recognised in the Statement of Profit and Loss as incurred.

Government grant related to fixed asset is capitalised 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 capitalised 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 capitalised as developing asset until the mining property are capable of commercial production. Revenue derived

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised as assets. The cost of normal on-going operational stripping activities are recognised in the Statement of Profit and Loss as and when incurred.

When the benefit from the stripping costs are realised 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 capitalised 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 capitalised 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.

- 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 amortised, 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 years to 40 years
Railway sidings	15 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	8-10 years

The useful lives of the above assets are in line with the useful lives as prescribed under Part C of schedule II of the Companies Act, 2013, except plant and equipment pertaining to wind energy segment. The Company based on technical assessment made by technical experts and basis management estimate, depreciates these assets over estimated useful lives of 27 years over which the asset is expected to be used. The management believes that these estimated useful lives are realistic and reflect fair apportionment of the period over which the assets are likely to be used.

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

Notes to the Financial Statements

for the year ended March 31, 2020

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 amortisation 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 recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets are amortised over their estimated useful life. Amounts paid for securing mining rights are amortised over the period of mining lease of 20 years. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation 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 recognised 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 recognised 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

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised in the Statement of Profit and Loss.

Any reversal of the previously recognised 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 recognised.

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.

Financial assets – recognition

All financial assets are recognised 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 recognised 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 amortised cost

A 'Debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) 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 amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised 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:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) 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 recognised in the other comprehensive income (OCI). However, the Company recognises 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 recognised 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 categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL.

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised in the Statement of Profit and Loss.

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 derecognised (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 recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises 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 amortised 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 recognises 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 recognising 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) recognised during the period is recognised 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 amortised 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 at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised 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 recognised 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 recognised 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 recognised in the Statement of Profit and Loss.

- Financial Liabilities at amortised cost (Loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the Statement of Profit and Loss.

Financial liabilities - derecognition

A financial liability is derecognised 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 recognised 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 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

Notes to the Financial Statements

for the year ended March 31, 2020

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 though Profit or Loss. These embedded derivatives are measured at fair value with changes in fair value recognised 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 recognised 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 recognised amounts and there is an intention to settle on a net basis, to realise 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 recognised 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 recognised 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 recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised 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:

Notes to the Financial Statements

for the year ended March 31, 2020

(i) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised 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 derecognised, the unamortised fair value is recognised immediately in profit or loss.
When an unrecognised 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 recognised as an asset or liability with a corresponding gain or loss recognised in the Statement of Profit and Loss.

(ii) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts recognised 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 recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 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 recognised 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 realisable 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 realisable value on weighted average basis.

(ii) Stores and spares are valued at lower of cost or net realisable value on weighted average basis.

(iii) Immaterial by-products, aluminium scrap, chemical lead scrap, anode scrap and coke fines are valued at net realisable value.

Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 recognised 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised 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 utilised

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 realised 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 recognised as an expense as the related service is rendered by employees.

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised 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 recognised 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 recognises 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

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 recognised 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 recognised 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 recognised 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 recognised in the period in which the absences occur. Actuarial differences are recognised immediately in the Statement of Profit and Loss.

n) Provision

Provisions are recognised 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

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognises 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 recognised 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 recognised 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 recognises 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.

(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 capitalised 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 recognised 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

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised 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 recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(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 and additionally includes unpaid dividend account.

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

Notes to the Financial Statements

for the year ended March 31, 2020

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) Buyers credit

The Company enters into arrangements where by financial institutions make direct payments to suppliers for goods and services. The 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 buyers' credit under Trade payables. Interest expense on these are recognised in the finance cost.

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 recognised 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 recognised 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 recognise 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 recognised on the balance sheet.

3. (II) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards

The Company applied Ind AS 116 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Ind AS 116 - Leases

IND AS 116, Leases, replaces the existing standard on accounting for leases, IND AS 17, with effect from 01 April 2019. This standard introduces a single lessee accounting model and requires a lessee to recognise a 'right of use asset' (ROU) and a corresponding 'lease liability' for all leases. Lease costs are to be recognised in the income statement over the lease term in the form of depreciation on the ROU asset and finance charges representing the unwinding of the discount on the lease liability. In contrast, the accounting requirements for lessors remain largely unchanged.

The Company acts as a lessee in lease arrangements mainly involving office premises and other properties. The Company has elected

Notes to the Financial Statements

for the year ended March 31, 2020

to apply the modified retrospective approach on transition, and accordingly the comparative numbers have not been restated. For contracts in place as at 01 April 2019, the Company has continued to apply its existing definition of leases as under IAS 17 ("grandfathering"), instead of reassessing whether existing contracts are or contain a lease at that date. Further, the Company has elected to avail the exemption in IND AS 16 from applying the requirements of IND AS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets of ₹38 Crore & ₹170 Crore respectively & also derecognised previously recorded rental repayments of ₹132 Crore on adoption of IND AS 116.

Prior period accounting policy: Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

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 recognised 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 recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2018 introducing/amending the following standards:

Uncertainty over income tax treatments

Appendix C of Ind AS 12 clarifies how to apply the recognition and measurement requirements in Ind AS 12 Income Taxes when there is uncertainty over income tax treatments. The clarification did not have a material effect on the Company's financial statements so far as the recognition and measurement of income taxes is concerned. A consequential impact of the clarification is on the disclosure of contingent liabilities. The Company previously used to consider only those cases/matters for contingent liabilities wherever demand has been raised by the authorities/ initial assessment has been completed. The contingent liabilities have now been extrapolated to other years where a similar issue exists but formal demand has not been raised by tax authorities. Considering the impact of appendix C of Ind AS 12, the amounts of Income Tax disputes disclosed in note 28 and 30 of these financial statements would have been higher by ₹3,835 Crore as on April 01, 2019, as against the hitherto followed practice. As per the transitional provisions of Appendix C of Ind AS 12, the Company has not restated comparative information.

Amendments to Ind AS 109: Prepayment Features with Negative Compensation

The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

Notes to the Financial Statements

for the year ended March 31, 2020

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement:
The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. The amendments had no impact on the financial statements of the Company.

Amendments to Ind AS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests).

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures. These amendments had no impact on the financial statements as the Company does not have long-term interests in its associate and joint venture.

ANNUAL IMPROVEMENTS TO IND AS 2018
Ind AS 103 Business Combinations
The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after April 01, 2019.

These amendments had no impact on the financial statements of the Company as there is no transaction where joint control is obtained.

Ind AS 111 Joint Arrangements
An entity that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in Ind AS 103. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after April 01, 2019.

These amendments had no impact on the financial statements of the Company.

Ind AS 12 Income Taxes
The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after April 01, 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

Ind AS 23 Borrowing Costs
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after April 01, 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised 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 capitalised when incurred reflecting the Company's obligations at that time.

The provision for decommissioning liabilities (Refer note 16) 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.

(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 30.

(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.

4. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crore)

Particulars	Freehold land	Buildings	Plant and equipment[1]	Furniture and fixtures	Vehicles	Office equipment	Railway siding	Mining properties [3]	Right of use [4]	Total
At Cost										
As at April 1, 2018	**296**	**1,392**	**15,513**	**31**	**38**	**235**	**94**	**2,877**	**-**	**20,476**
Additions [1]	32	221	2,602	3	8	21	-	2,491	-	**5,378**
Disposals/ adjustments	-	-	189	-	2	5	-		-	**196**
As at March 31, 2019	**328**	**1,613**	**17,926**	**34**	**44**	**251**	**94**	**5,368**	**-**	**25,658**
Additions [1&4]	1	295	1,630	3	8	52	-	1,714	170	**3,873**
Disposals/ adjustments	-	2	242	2	5	1	-	-	-	**252**
As at March 31, 2020	**329**	**1,906**	**19,314**	**35**	**47**	**302**	**94**	**7,082**	**170**	**29,279**
Accumulated depreciation										
As at April 1, 2018	**-**	**358**	**7,446**	**21**	**20**	**185**	**22**	**1,243**	**-**	**9,295**
Depreciation charge for the year [3]	-	59	769	2	4	16	5	1,025	-	**1,880**
Disposals/ adjustments	-	-	179	-	1	5	-	-	-	**185**
As at March 31, 2019	**-**	**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**
As at March 31, 2020	**-**	**504**	**8,743**	**23**	**24**	**214**	**33**	**3,515**	**6**	**13,062**
Net Book Value										
As at March 31, 2020	**329**	**1,402**	**10,571**	**12**	**23**	**88**	**61**	**3,567**	**164**	**16,217**
As at March 31, 2019	**328**	**1,196**	**9,890**	**11**	**21**	**55**	**67**	**3,100**	**-**	**14,668**

Notes to the Financial Statements

for the year ended March 31, 2020

Capital work in progress [2]

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amount of Capital work in progress	2,489	2,254

(1) Additions to plant & equipment includes finance cost capitalised of ₹41 Crore. (March 31, 2019: ₹60 Crore)

(2) 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 March 31, 2020	As at March 31, 2019
Power and fuel charges	32	30
Repairs and Others	393	225
Consumption of stores and Spare parts	333	258
Employee Benefit Expenses	100	78
General Expenses	3	2
Insurance	1	3
Conveyance and travelling expenses	-	1
Finance Cost	65	103
Total	**927**	**700**

(3) During previous year, the Company has capitalised depreciation attributable to certain assets under development of ₹10 Crore. Accordingly, depreciation reported in Note 25 for the year ended March 31, 2019 of ₹1,870 Crore.

(4) 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
As at April 1, 2019	-	-	-	-
Additions*	28	4	138	170
Depreciation	(1)	(1)	(4)	(6)
As at March 31, 2020	**27**	**3**	**134**	**164**

* Assets capitalised on April 01, 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
At cost					
As at April 1, 2018	**45**	**67**	**69**	**-**	181
Additions	2	-	-	-	**2**
Disposals	-	-	-	-	**-**
As at March 31, 2019	**47**	**67**	**69**	**-**	183
Additions	1	-	42	112	**155**
Disposals	-	-	-	-	**-**
As at March 31, 2020	**48**	**67**	**111**	**112**	338
Amortisation					
As at April 1, 2018	**32**	**17**	**11**	**-**	60
Charge for the year	6	4	3	-	**13**
As at March 31, 2019	**38**	**21**	**14**	**-**	**73**
Charge for the year	4	4	5	-	**13**
As at March 31, 2020	**42**	**25**	**19**	**-**	86
Net Book Value					
As at March 31, 2020	**6**	**42**	**92**	**112**	252
As at March 31, 2019	**9**	**46**	**55**	**-**	110

* CSR assets

Notes to the Financial Statements

for the year ended March 31, 2020

6. LOANS

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
Loans to employees	1	1
Security deposits	12	12
Total	**13**	**13**
Current		
Unsecured, considered good		
Loans to employees	2	3
Total	**2**	**3**

7. OTHER ASSETS

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
Capital advances	217	245
Claims and other receivables [1]	263	260
Leasehold Land Prepayments	-	133
Total	**480**	**638**
Unsecured, credit impaired		
Claims and other receivables	13	12
Provision on doubtful deposits and claims	(13)	(12)
	-	-
Total	**480**	**638**
Current		
Unsecured, considered good		
Advance given to vendors for supply of goods and services	85	64
Balance with government authorities	197	206
Claims and other receivables [2]	40	39
Leasehold Land Prepayments	-	5
Total	**322**	**314**

(1) Includes ₹101 Crore as at March 31, 2020 (March 31, 2019 : ₹101 Crore) paid under protest on account of Entry tax dispute (see note 28). 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.

(2) Includes ₹20 Crore (March 2019: ₹21 Crore) export benefit incentive receivable and ₹20 Crore (March 2019: ₹18 Crore) prepaid expenses.

Notes to the Financial Statements

for the year ended March 31, 2020

8. INVENTORIES*

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
a. Work in progress		
Ore	44	25
Mined Metal	275	222
Others	561	490
b. Finished goods (1)	196	48
c. Fuel Stock	170	185
[Including goods in transit ₹55 Crore (March 31, 2019: ₹78 Crore)]		
d. Stores and spare parts	589	574
[Including goods in transit ₹17 Crore (March 31, 2019: ₹32 Crore)]		
Total	**1,835**	**1,544**

* For method of valuation of inventories, Refer note 3(I)(k)

(1) Inventory held at net realisable value amounted to ₹4 Crore (March 31, 2019 : ₹12 Crore). The write down on this inventory of ₹8 Crore (March 31, 2019 : NIL) has been taken to Statement of Profit and Loss.

(2) 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 ₹29 Crore (March 31, 2019: ₹16 Crore).

9. INVESTMENTS

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Measured at fair value through profit and loss		
Investment in bonds-quoted	1,374	1,393
Investment in zero coupon bonds- quoted	8,908	9,378
Investment in mutual funds-quoted	5,068	6,552
Investment in mutual funds-unquoted	4,979	2,165
Total	**20,329**	**19,488**
Aggregate amount of quoted investment at market value thereof	15,350	17,323
Aggregate amount of unquoted investment	4,979	2,165

10. TRADE RECEIVABLES (1)(3)

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good (2)	401	196
Trade receivables- credit impaired	1	1
Provision for doubtful trade receivables	(1)	(1)
Total	**401**	**196**

(1) The average credit period given to customer ranges from zero to one hundred eighty days (March 31, 2019: zero to ninety days). Interest is charged on trade receivables for the credit period, from the date of the invoice at 7.1% to 12.50% (March 31, 2019: 8.50% to 14.50%) per annum on the outstanding balance. The balance of trade receivables as at April 01, 2018 net of provision of ₹1 Crore was ₹184 Crore.

(2) Unsecured considered good includes, ₹61 Crore (March 31, 2019: ₹43 Crore) due from wind energy segment's trade receivables. Unsecured trade receivable of ₹54 Crore (March 31, 2019: ₹119 Crore) are covered against Letter of credit and Bank Guarantees.

(3) Refer note 36 for details of related party balances and terms and conditions.

Notes to the Financial Statements

for the year ended March 31, 2020

11. CASH AND CASH EQUIVALENTS

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
On current accounts	50	2
Deposits with original maturity of less than 3 months	819	-
Other Deposits with original maturity of less than 3 months [1]	1,009	-
Total	**1,878**	**2**
[1] 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	1,878	2
Earmarked unpaid dividend account (Refer note 12)	20	21
Total	**1,898**	**23**

12. OTHER BANK BALANCES

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Bank deposits having maturity more than 3 months but not more than 12 months	20	-
Earmarked unpaid dividend accounts	20	21
Total	**40**	**21**

13. OTHER FINANCIAL ASSETS

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Unsecured, considered good		
Security Deposits	36	38
Bank Deposits with more than 12 months maturity	4	0
Unsecured, credit impaired		
Security Deposits	27	27
Provision for doubtful deposits and claims	(27)	(27)
Total	**40**	**38**
Current		
Unsecured, Considered Good		
Interest accrued on deposits	2	3
Derivative assets (Refer note 34)	4	1
Total	**6**	**4**

Notes to the Financial Statements

for the year ended March 31, 2020

14. EQUITY SHARE CAPITAL

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
A. Authorised equity share capital		
Equity shares of ₹2 (March 31, 2019: ₹2) each.	**1,000**	1,000
No. of Shares (In Crore)	**500**	500
B. Issued, subscribed and paid up		
Equity shares of ₹2 (March 31, 2019: ₹2) each.	**845**	845
No. of Shares (In Crore)	**423**	423
C. Equity shares held by Holding Company		
Vedanta Limited		
No. of Shares (In Crore)	**274**	274
% of Holding	**64.92%**	64.92%
D. No shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date		
E. Details of shareholders holding more than 5% shares in the Company		
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. OTHER FINANCIAL LIABILITIES

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Security deposits and other liabilities	**-**	11
Capital creditors	**-**	8
Lease Liabilities [3]	**22**	-
Total	**22**	**19**
Current		
Derivatives - Liabilities (Refer Note 34)	**36**	13
Capital Creditors [1]	**1,061**	948
Due to related party (Refer Note 36)	**7**	14
Deposits from vendors	**113**	94
Interest accrued but not due	**1**	-
Lease liabilities [3]	**6**	-
Unclaimed dividend [2]	**20**	21
Other liabilities (Includes employee benefits etc.)	**243**	311
Total	**1,487**	**1,401**

(1) Includes Nil (March 31, 2019 : ₹2 Crore) to related parties (Refer note 36).

(2) Represents the unclaimed dividend for a period less than 7 years.

(3) (a) The maturity analysis of lease liabilities is disclosed in Note 34.

Notes to the Financial Statements
for the year ended March 31, 2020

(3) (b) Following are the amounts recognised in Statement of Profit & Loss account:

(₹ in Crore)

Particulars	For the year ended March 31, 2020
a) Depreciation expense for right-of-use assets	6
b) Interest expense on lease liabilities	3
c) Expense relating to short-term leases	4
Total amount recognised	**13**

(3) (c) The movement in lease liabilities is as follows:

(₹ in Crore)

Particulars	As at March 31, 2020
a) Opening balance	-
b) Additions (on April 01, 2019 on adoption of IND AS 116)	32
c) Interest accrued	3
d) Repayments (Principal & interest)	(7)
Closing balance	**28**

(3) (d) Lease liabilities carry an effective interest rate of 7.08 % & 23.25 %

16. PROVISIONS
Non-current

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for mine restoration & decommissioning [a]	162	145
Total	**162**	**145**

(a)

(₹ in Crore)

Particulars	Provision for mine restoration [1]	Provision for decommissioning [2]	Total
As at April 1, 2018	122	16	**138**
Addition during the year/(revision during the year)	13	-	**13**
Unwinding of discount	(2)	-	**(2)**
As at March 31, 2019	**133**	**16**	**149**
Addition during the year/(revision during the year)	29	-	**29**
Unwinding of discount	4	-	**4**
Utilised	-	(6)	**(6)**
As at March 31, 2020	**166**	**10**	**176**
Classification as at March 31, 2019			
Non-current	129	16	**145**
Current	4	-	**4**
Classification as at March 31, 2020			
Non-current	162	-	**162**
Current	4	10	**14**

(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, 2020

Current

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Gratuity (Refer note 29)	35	54
Provision for compensated absences (Refer note 29)	21	16
Provision for mine restoration & decommissioning (Refer a above)	14	4
Total	**70**	**74**

17. OTHER LIABILITIES

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current		
Deferred government grant [2]	1,068	945
Total	**1,068**	**945**
Current		
Advance from customers [3]	1,184	1,766
Statutory and other liabilities [1]	399	549
Deferred government grant [2]	111	82
Total	**1,694**	**2,397**

(1) 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.

(2) 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.

(3) 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 01, 2019 was ₹1,766 Crore (April 01, 2018: ₹1,125 Crore). During current year, the Company has refunded ₹650 Crore (March 31, 2019: Nil) to the customers. All other changes are either due to receipt of fresh advances or revenues recognised as detailed in note 20.

18. BORROWINGS

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Current [3]		
Commercial Paper (Unsecured) [1]	-	1,969
Working Capital Loans from banks (Unsecured) [2]	611	569
Total	**611**	**2,538**

(1) Commercial Papers as on March 31, 2020 carry an effective interest rate of nil (PY 7.30%), and repayable in nil (87 days) from the date of issue of commercial papers.

(2) Working Capital Loans from banks carry an effective interest rate in the range of 7.50% to 8.85% (PY 8.75% to 8.85%) and are repayable on demand & 1-3 months.

(3) Movement in borrowings during the year is provided below:

(₹ in Crore)

Particulars	Total
As at April 1, 2018	-
Cash flow	2,535
Other non cash changes	3
As at March 31, 2019	**2,538**
Cash flow	(1,928)
Other non cash changes	1
As at March 31, 2020	**611**

Notes to the Financial Statements

for the year ended March 31, 2020

19. TRADE PAYABLES

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of Micro, Small and Medium Enterprises	36	52
Total outstanding dues to creditors other than Micro, Small and Medium Enterprises	1,376	1,122
Operational Buyers credit from banks (1)	76	-
Total	**1,488**	**1,174**

(1) Operational Buyers' Credit is availed in foreign currency from offshore branches of Indian banks at an interest rate of 1.13 % p.a.. These trade credits are largely repayable within 60 days from the date of draw down. This is backed by Standby Letter of Credit issued under working capital facilities sanctioned by domestic banks. These facilities are unsecured.

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, 2020 (March 31, 2019: NIL)

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
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	36	52
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.	-	-

20. (A) REVENUE FROM OPERATIONS

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products	18,159	20,657
Income from wind energy	173	177
Total Revenue (1)	**18,332**	**20,834**

(1) 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, 2020 comprises of revenue from contracts with customers of ₹19,193 Crore (March 31, 2019: ₹21,685 Crore) and a net loss on mark to market of ₹861 Crore (March 31, 2019: ₹851 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 ₹1,116 Crore (March 31, 2019: ₹1,125 Crore) for which contract liabilities existed at the beginning of the year.

Notes to the Financial Statements

for the year ended March 31, 2020

(B) OTHER OPERATING INCOME

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of scrap and residuals	100	163
Export incentives	59	69
Others (unclaimed amount, carbon credits, liquidated damages etc.)	70	52
Total	**229**	**284**

21. OTHER INCOME

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain on investments measured at FVTPL	637	550
Net gain on sale of current investments	209	314
Net gain on foreign currency transactions and translation	3	-
Amortisation of deferred revenue arising from government grant	97	69
Gain on sale of fixed assets (net)	-	48
Interest Income on		
Bank deposits measured at amortised cost	43	-
Investments measured at FVTPL	868	705
Other financial assets measured at amortised cost	77	96
Total	**1,934**	**1,782**

22. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in Crore)

Particulars		For the year ended March 31, 2020	For the year ended March 31, 2019
Opening inventory			
Finished goods		48	23
Work in progress :-			
Ore		25	141
Mined metal		222	270
Others (includes various semi-finished goods having Zinc, Lead & Silver content)		490	287
Total	**(A)**	**785**	**721**
Closing inventory			
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
Total	**(B)**	**1,076**	**785**
Changes in Inventory	**(A- B)**	**(291)**	**(64)**

23. EMPLOYEE BENEFIT EXPENSE

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus [1]	526	742
Contribution to provident and other funds (Refer Note 29)	46	49
Share based compensation [2]	19	22
Staff welfare expenses [1]	98	92
Total	**689**	**905**

(1) Includes Corporate social responsibility expenditure of ₹4 Crore and ₹15 Crore (March 31, 2019: ₹3 Crore and ₹13 Crore) towards salaries, wages and bonus and Company run schools & hospitals respectively. Also, Refer note 32.

Notes to the Financial Statements
for the year ended March 31, 2020

(2) The Company offers equity-based award plans to its employees, officers and directors through its holding Company, Vedanta Resources Limited [Vedanta Resources Long-Term Incentive Plan ("LTIP"), Employee Share Ownership Plan ("ESOP") and Performance Share Plan ("PSP")] collectively Referred as 'Vedanta Resources Limited ESOP' scheme and Vedanta Limited [Vedanta Limited - Employee Stock Option Scheme ("Vedanta Limited- ESOS")].

During the year, share- based incentives arrangement under Vedanta Resources Limited ESOP scheme and 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. ESOP scheme of Vedanta Resources Limited and Vedanta Limited are both tenure and performance based share schemes. The awards are indexed to and settled by Parent's shares (Vedanta Resources Limited shares or Vedanta Ltd shares as defined in the scheme). The awards have a fixed exercise price denominated in Parent's functional currency (10 US cents per share in case of Vedanta Resources Limited and ₹1 in case of Vedanta Limited), the performance period of each award is three years 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 ESOP scheme is recovered by the Parent from the Company.

24. FINANCE COSTS

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on financial liabilities at amortised cost [1]	36	33
Other interest [2]	42	47
Bill discounting charges	18	22
Bank charges	2	5
Other finance costs	14	6
Total	**112**	**113**

(1) Interest expenses on lease liabilities is ₹3 Crore (March 31, 2019 Nil)

(2) Interest expenses on income tax is ₹2 Crore (March 31, 2019 ₹17 Crore)

25. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on Property, Plant and Equipments (Refer note 4)	2,266	1,870
Amortisation on intangible assets (Refer note 5)	13	13
Total	**2,279**	**1,883**

26. OTHER EXPENSES

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores and spare parts	1,170	1,274
Repairs and Maintenance:		
- Plant and equipment	1,436	1,326
- Building	115	86
- Others	1	1
Carriage inwards	167	214
Mine expenses	1,368	1,227
Other manufacturing and operating expenses	341	269
Rates and taxes	4	2
Conveyance and travelling expenses	43	48
Directors sitting fees and commission	1	1
Payment to auditors [1]	2	2
Carriage outwards	232	244
Grass root exploration expenses	14	116
Legal and professional expenses	35	66
Research and development expenditure	6	8

Notes to the Financial Statements

for the year ended March 31, 2020

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Corporate social responsibility (Refer Note 32)	96	106
Loss on sale of fixed assets (net)	23	-
Net loss on foreign currency transactions	-	50
Miscellaneous expenses	205	181
Total	**5,259**	**5,221**
[1] **Remuneration to auditors:**		
- Audit fees	1	1
- Other services	1	1
Total	**2**	**2**

27. EARNINGS PER SHARE

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic earnings per share (₹)	16.11	18.83
Diluted earnings per share (₹)	16.11	18.83
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)	6,805	7,956
Weighted average number of equity shares outstanding (Number in Crore)	423	423
Nominal Value per share (in ₹)	2	2

28. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
a. **Contingent liabilities** [1]		
Claims against the Company not acknowledged as debts		
- Suppliers and contractors	95	90
- Ex-employees and others	9	12
- Land acquisition	6	6
- Mining cases [2]	334	334
- Government : Electricity Duty	9	9
: Road Tax	15	15
: Environmental Cess [3]	142	142
Guarantees issued by the banks (excluding financial guarantees)	225	196
Sales tax demands	91	62
Entry tax demands [4]	200	202
Income tax demands [6]	715	262
Excise Duty demands [5]	390	190

(1) Future cash out flows in respect of the above matters are determinable only on receipt of judgments or decisions pending at various forums. Accordingly interest and penalty where applicable will be additionally payable.

(2) The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, amounting to ₹334 Crore. These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. HZL believes that the likelihood of this claim is not probable and thus no provision has been made in the financial statements. HZL had filed writ petitions in the High Court of Rajasthan in Jodhpur and had obtained a stay in respect of these demands. The High Court restrained the Department of Mines and Geology from undertaking any coercive measures to recover the penalty. In January 2007, the High Court issued another order granting the Department of Mines and Geology additional time to file their reply and also ordered the Department of Mines and Geology not to issue any order cancelling the lease. The Company is currently awaiting listing of the said case in Rajasthan High Court.

(3) The State of Rajasthan issued a notification in June 2008 notifying the Rajasthan Environment and Health Cess Rules, 2008, imposing environment and health cess on major minerals including lead and zinc. HZL and other mine operators resisted this notification and the imposition thereunder before the High Court of Rajasthan on the ground that the imposition of such cess and all matters relating to the environment fall under the jurisdiction of the Central government as opposed to the State government. In October 2011, the High

Notes to the Financial Statements
for the year ended March 31, 2020

Court of Rajasthan disposed the writ petitions and held the Rajasthan Environment and Cess Rules, 2008 that impose a levy of cess on minerals, as being constitutionally valid. An amount of ₹150 per metric tonne of ore produced would be attracted under the Statute if it is held to be valid. HZL challenged this order by a special leave petition in December 2011 before the Supreme Court of India. The Supreme Court of India issued a notice for stay. Further direction was issued by the Supreme Court on March 23, 2012 not to take any coercive action against HZL for recovery of cess. The aforementioned notification was rescinded via notification dated January 6, 2017, and hence no further obligation exists after that date.

(4) The Company challenged the constitutional validity of the local statutes and related notifications in the state of Rajasthan pertaining to the levy of entry tax on the entry of goods brought into the state from outside. Nine judge constitution bench of the Supreme court of India in 2016 while upholding the constitutional validity of the levy maintained status quo with respect to all other issues which have been left open for adjudication by regular benches hearing the matters. Post the order of the nine judge bench, the regular bench of the Supreme Court proceeded with hearing the matters. The regular bench remanded the entry tax matters relating to the issue of discrimination against domestic goods from other States to the respective High Courts for final determination but retained the issue of jurisdiction on levy on imported goods, for determination by Supreme Court. The Company has filed writ petition before the Rajasthan High Court.

(5) Various demands raised on the Company towards CENVAT, service tax and excise for FY 1991-92 to 2016-17. The Company has paid an amount of ₹25 Crore (March 31, 2019: ₹22 Crore) against these demands under protest and is confident of the liability not devolving on the Company.

(6) Tax demands have been raised mainly on account of on account of depreciation disallowances, withholding taxes and interest thereon. Although, the Company has paid certain amounts in relation to these demands, which are pending at various levels of appeals, management considers these disallowances as not tenable against the Company, and therefore no provision for tax has been created. Refer note 30.

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. 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. Based on the opinion of external council, the Company believes that it has strong grounds of a successful appeal, and the chances of an outcome which is not if favour of the Company is remote.

c. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹1,635 Crore (March 31, 2019: ₹2,426 Crore).

d. Other Commitments - Export obligations

The Company had ₹2,908 Crore export obligations (March 31, 2019: ₹1,432 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 ₹485 Crore (March 31, 2019: ₹239 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, 2019: ₹118 Crore). Further, bonds amounting to ₹1,502 Crore (March 31, 2019: ₹1,258 Crore) will be released subject to verification of EODC (Export obligation discharge certificate) by the Customs department.

29. 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 ₹5 Crore (March 31, 2019: ₹6 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, 2019: ₹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.

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised 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, 2019: ₹29 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.). Accordingly, the Company has provided for ₹135 Crore being the change in the remeasurement of the defined benefit plans, in Other Comprehensive Income.

The details of fund and plan asset position are given below:

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Plan assets fair valued	1,514	1,383
Present value of benefit obligation at period end	1,513	1,382
Net Plan Assets/(Liability)	**1**	**1**
% allocation of plan assets by category		
Central government securities	15%	18%
State government securities (including PSU Bond)	49%	53%
Private Sector Bonds, Mutual funds	36%	29%
Principal actuarial assumptions		
Financial Assumptions		
Discount rate	6.8%	7.8%
Expected statutory interest rate on the ledger balance	8.50%	8.65%
Expected short fall in interest earnings on the fund	0.05%	0.05%
Demographic Assumptions		
i) Retirement Age (Years)	58	58
ii) Mortality rates inclusive of provision for disability	100% of IALM (2012- 14)	100% of IALM (2006- 08)
iii) Withdrawal rates		
Up to 30 Years	3% - 13.5%	3% - 16.8%
From 31 to 44 years	2% - 5.9%	2% - 4.6%
Above 44 years	1%- 2.2%	1%- 1.9%

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.

Notes to the Financial Statements

for the year ended March 31, 2020

The following tables set out the funded status of the gratuity plans and the amounts recognised in the financial statements.

Principal actuarial assumptions

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:		
Financial Assumptions		
Discount rate	**6.8%**	7.8%
Expected rate of increase in compensation level of covered employees	**6% - 8.5%**	6% - 9.5%
Demographic Assumptions		
i) Retirement Age (Years)	**58**	58
ii) Mortality rates inclusive of provision for disability	**IALM (2012-14)**	IALM (2006 - 08)
iii) Withdrawal rates		
Up to 30 Years	**3% - 13.5%**	3% - 16.8%
From 31 to 44 years	**2% - 5.9%**	2% - 4.6%
Above 44 years	**1%-2.2%**	1%-1.9%
Amount recognised in the balance sheet consists of:		
Fair value of planned assets	**263**	228
Present value of defined benefit obligations	**(298)**	(282)
Net assets/(Net unfunded liability)	**(35)**	**(54)**
% allocation of plan assets by category		
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:

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Balance	**282**	270
Service cost	**14**	13
Benefits paid	**(37)**	(57)
Interest cost	**22**	21
Actuarial (Gain)/Loss on obligation	**17**	35
Closing Balance	**298**	**282**

The movement during the year in the fair value of plan assets was as follows:

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Balance	**228**	208
Employer Contributions	**54**	62
Benefits paid	**(36)**	(57)
Interest Income	**18**	16
Remeasurement gain/(loss) arising from return on plan assets	**(1)**	(1)
Closing Balance	**263**	**228**

Notes to the Financial Statements

for the year ended March 31, 2020

Amounts recognised in Statement of Profit and loss in respect of defined benefit plan are as follows:

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	14	13
Net Interest cost	4	5
Total charge to Statement of Profit and Loss	**18**	**18**

Amounts recognised in Other Comprehensive Income in respect of defined benefit plan are as follows:

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Remeasurement (Gain) / Loss arising from Change in Demographic Assumption	(1)	-
Remeasurement (Gain) / Loss arising from Change in Financial Assumption	12	(4)
Remeasurement (Gain) / Loss arising from Experience Adjustment	6	39
Remeasurement of the net defined benefit liability	**17**	**35**

Expected contribution for the next annual reporting period of March 31, 2020:

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Service Cost	14	14
Net Interest Cost	3	4
Expected contribution for the next annual reporting period of March 31, 2020	**17**	**18**

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, 2020	As at March 31, 2019
Impact of change discount rate		
Increase by 0.50%	(7)	(7)
Decrease by 0.50%	7	7
Impact of change in salary increase rate		
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 recognised in the balance sheet.

Notes to the Financial Statements
for the year ended March 31, 2020

Maturity Profile of Defined Benefit Obligation

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Year:		
0 to 1 Year	**38**	30
1 to 2 Year	**40**	7
2 to 3 Year	**33**	9
3 to 4 Year	**35**	9
4 to 5 Year	**32**	10
5 to 6 Year	**27**	11
6 Year onwards	**95**	206

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.

30. INCOME TAX EXPENSES
The major components of income tax expense for the year ended March 31, 2020 are indicated below:

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a. Tax charge recognised in Profit and Loss		
Current tax:		
Current tax on profit for the year	**1,428**	2,230
Adjustment in respect of earlier years	**-**	(10)
Total Current tax	**1,428**	**2,220**
Deferred tax:		
Reversal and origination of temporary differences	**(62)**	347
MAT credit asset (recognised)/ utilisation	**226**	(57)
Adjustment in respect of earlier years	**(7)**	(10)
Total Deferred tax	**157**	**280**
Tax expense for the year	**1,585**	**2,500**
Effective income tax rate (%)	**18.89%**	**23.91%**

Notes to the Financial Statements

for the year ended March 31, 2020

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
b. Statement of other comprehensive income		
Deferred tax (credit) / charge on:		
Unrealised (gain)/loss on FVTOCI of financial instruments	-	16
Remeasurement of defined benefit obligation	(54)	(13)
Total	**(54)**	**3**

c. A reconciliation of income tax expense applicable to accounting profits before tax at the statutory income tax rate to recognised income tax expense for the year is as follows:

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before tax (after exceptional item)	**8,390**	10,456
Statutory income tax rate	**34.94%**	34.94%
Tax at statutory income tax rate	**2,932**	3,654
Disallowable expenses	**43**	41
Non-taxable capital gains	**(55)**	(62)
Tax holidays and similar exemptions	**(539)**	(872)
Additional depreciation under income tax reversible within tax holiday period	**-**	2
Exempted Income	**(33)**	(36)
Effect of changes in tax laws (refer (i) below)	**(477)**	-
Impact of tax rate differences on capital gains	**(279)**	(207)
Adjustments in respect of prior years	**(7)**	(20)
Total	**1,585**	**2,500**

(i) Section 115BAA of the Income- tax Act, 1961 was enacted during the current year, 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 recognised during the year and additional credit of ₹112 Crore on timing differences that originated during the current year.

(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. During the current year, based on the favourable 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 department's appeal would be dismissed. The amount involved in this dispute as of March 31, 2020 is ₹10,566 Crore (Previous year: ₹6,017 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 expired at March 2018 while in Pantnagar, the Company would continue to avail 30% tax holiday till March 2021.

Notes to the Financial Statements
for the year ended March 31, 2020

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) recognised in the balance sheet are as follows:

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment, Exploration and evaluation and intangible assets	(2,021)	(2,158)
Fair valuation of financial assets/liabilities	(362)	(286)
Voluntary retirement scheme	20	24
Other temporary differences	171	111
MAT credit entitlement	4,014	4,234
Deferred Tax Assets (net)	**1,822**	**1,925**

The reduction in deferred tax assets of ₹103 Crore (March 2019: ₹283 Crore) is recorded as below:

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Through Other Comprehensive Income		
Fair value of financial instruments	-	16
Remeasurement of defined benefit obligations	(54)	(13)
	(54)	3
Through Profit and Loss		
All other charges	157	280
Total	**103**	**283**

31. 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:

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Investment in Joint venture		
Madanpur South Coal Company Limited (at cost)	2	2
1,14,391 equity shares of ₹10 each [1]		
(March 31, 2019: 1,14,391 equity shares of ₹10 each)		
Less: Aggregate amount of impairment in the value of investment	(2)	(2)
Total	**-**	**-**

(1) 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)	-	-

Notes to the Financial Statements

for the year ended March 31, 2020

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income	-	-
Expenses	-	-

The Company has not prepared consolidated financial statements as at March 31, 2020 & March 31, 2019 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.

32. CORPORATE SOCIAL RESPONSIBILITY EXPENSES

The Company is required to spend a gross amount of ₹213 Crore and ₹204 Crore for the year ended March 31, 2020 and March 31, 2019 respectively.

(₹ in Crore)

Particulars	For the year ended March 31, 2020		
	In- Cash	Yet to be Paid in Cash	Total
Amount spent during the year [1]	103	29	132
Total amount spent	**103**	**29**	**132**

(₹ in Crore)

Particulars	For the year ended March 31, 2019		
	In- Cash	Yet to be Paid in Cash	Total
Amount spent during the year [1]	112	18	130
Total amount spent	**112**	**18**	**130**

(1) Includes depreciation on the sewage treatment plant (STP) and related assets of ₹1 Crore (March 31, 2019: ₹1 Crore), amortisation expenditure on right to use the water of STP is ₹5 Crore (March 31, 2019: ₹3 Crore), employee benefit expenses of ₹19 Crore (March 31, 2019 ₹16 Crore) and other expenses on running the STP of ₹11 Crore (March 31, 2019: ₹4 Crore). There is no capital asset expenditure included in above.

33. 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 organised 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.

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 amortisation, 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.

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.

Notes to the Financial Statements
for the year ended March 31, 2020

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

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue		
Zinc, Lead, Silver & others		
(i) Zinc, Lead and others	**15,715**	18,089
(ii) Silver	**2,444**	2,568
Wind Energy	**173**	177
Segment revenue	**18,332**	**20,834**
Segment Results		
Zinc, Lead, Silver & others		
(i) Zinc, Lead and others	**4,431**	6,606
(ii) Silver	**2,127**	2,208
Wind Energy	**109**	119
Segment Results	**6,667**	**8,933**
Less: Finance costs	**112**	113
Add: Interest income	**988**	803
Add: Other unallocable income net of unallocable expenditure	**847**	833
Profit before tax	**8,390**	10,456
Tax expenses	**1,585**	2,500
Profit for the year	**6,805**	**7,956**
Depreciation & amortisation Expense		
Zinc, Lead, Silver and others	**2,251**	1,855
Wind Energy	**28**	28
Total	**2,279**	**1,883**

Below table summarises the disaggregated revenue from contracts with customers:

(₹ in Crore)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Zinc	**13,328**	15,155
Lead	**2,861**	3,332
Silver	**2,462**	2,568
Wind Energy	**173**	177
Others	**369**	453
Revenue from contracts with customers	**19,193**	**21,685**
Gains/(losses) on provisionally priced contracts (net) (Refer Note 20)	**(861)**	(851)
Total Revenue	**18,332**	**20,834**

(₹ in Crore)

Particulars	Zinc, Lead and Silver	Wind energy	Unallocated	Total
As at March 31, 2020				
Assets and liabilities				
Assets				
Segment assets	21,340	693	24	**22,057**
Financial assets investments	-	-	20,329	**20,329**
Deferred tax asset (net)	-	-	1,822	**1,822**

Notes to the Financial Statements

for the year ended March 31, 2020

(₹ in Crore)

Particulars	Zinc, Lead and Silver	Wind energy	Unallocated	Total
Cash and cash equivalent	-	-	1,878	**1,878**
Other bank balance	-	-	40	**40**
Advance income tax (net of provision for tax)	-	-	849	**849**
Total assets	**21,340**	**693**	**24,942**	**46,975**
Liabilities				
Segment liability	5,950	20	632	**6,602**
Current Tax Liabilities (Net)	-	-	63	**63**
Total liabilities	**5,950**	**20**	**695**	**6,665**
As at March 31, 2019				
Assets and liabilities				
Assets				
Segment assets	19,106	659	17	**19,782**
Financial assets investments	-	-	19,488	**19,488**
Deferred tax asset (net)	-	-	1,925	**1,925**
Cash and cash equivalent	-	-	2	**2**
Other bank balance	-	-	21	**21**
Advance income tax (net of provision for tax)	-	-	1,240	**1,240**
Total assets	**19,106**	**659**	**22,693**	**42,458**
Liabilities				
Segment liability	6,110	14	2,569	**8,693**
Current Tax Liabilities (Net)	-	-	160	**160**
Total liabilities	**6,110**	**14**	**2,729**	**8,853**

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:

(₹ in Crore)

Particulars	Zinc, Lead and Silver	Wind energy	Total
For the year ended March 31, 2020	4,235	-	**4,235**
For the year ended March 31, 2019	3,908	-	**3,908**

II. Information based on Geography

(₹ in Crore)

Geographical Segments	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue by geographical segment		
India	**14,635**	16,580
Asia (excluding India)	**3,529**	3,843
Rest of the World	**168**	411
Total	**18,332**	**20,834**

(₹ in Crore)

Non-current assets [1]	As at March 31, 2020	As at March 31, 2019
India	**20,287**	18,910
Total	**20,287**	**18,910**

Notes to the Financial Statements
for the year ended March 31, 2020

(1) Excluding financial instruments and deferred tax assets.

(₹ in Crore)

Segment capital expenditure	For the year ended March 31, 2020	For the year ended March 31, 2019
India	4,235	3,908
Total	**4,235**	**3,908**

Information about major customer
No single customer accounted for 10% or more of the revenue during the year.

34. 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 recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 and Note 3.

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	Amortised Cost	Total carrying value	Total fair value
As at March 31, 2020				
Financial assets				
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	392	401	401
Other Current financial assets and loans	4	4	8	8
Other Non-current financial assets	-	53	53	53
Total	**20,342**	**2,367**	**22,709**	**22,709**
Financial liabilities				
Short-term borrowings	-	611	611	611
Trade payables	-	1,488	1,488	1,488
Other Current financial liabilities	36	1,451	1,487	1,487
Other Non-current financial liabilities	-	22	22	22
Total	**36**	**3,572**	**3,608**	**3,608**
As at March 31, 2019				
Financial assets				
Cash and cash equivalents	-	2	2	2
Other bank balances	-	21	21	21
Current investments	19,488	-	19,488	19,488
Trade receivables	-	196	196	196
Other Current financial assets and loans	1	6	7	7
Other Non-current financial assets	-	51	51	51
Total	**19,489**	**276**	**19,765**	**19,765**
Financial liabilities				
Short-term borrowings	-	2,538	2,538	2,538
Trade payables	-	1,174	1,174	1,174
Other Current financial liabilities	13	1,388	1,401	1,401
Other Non-current financial liabilities	-	19	19	19
Total	**13**	**5,119**	**5,132**	**5,132**

Notes to the Financial Statements

for the year ended March 31, 2020

The management assessed that Cash and cash equivalents, Other bank balances, Trade receivables, Trade payables, Short-term borrowings, 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].

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
Financial Assets			
As at March 31, 2020			
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	
Total	**4,979**	**15,363**	**-**
Financial Liabilities			
At fair value through profit and loss			
Derivatives financial Liabilities*			
Forward foreign currency contracts	-	16	-
Commodity contracts	-	20	-
Total	**-**	**36**	**-**

Notes to the Financial Statements

for the year ended March 31, 2020

(₹ in Crore)

Particulars	Level-1	Level-2	Level-3
As at March 31, 2019			
At fair value through profit and loss			
Short-term investment	2,165	17,323	-
Derivatives financial Assets*			
Commodity Contracts	-	1	-
Total	**2,165**	**17,324**	**-**
Financial Liabilities			
At fair value through profit and loss			
Derivatives financial Liabilities*			
Forward foreign currency contracts		12	-
Commodity contracts	-	1	-
Total	**-**	**13**	**-**

* Refer section - "Derivative financial instruments

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 polices 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.

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 maximisation.
The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the

Notes to the Financial Statements

for the year ended March 31, 2020

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 investment portfolio at the Company is independently reviewed by CRISIL Limited and it has been rated as "Tier I" meaning highest safety.

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, 2020 & March 31, 2019. 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 realisation. 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.

Whilst the Company aims to achieve average LME prices for a month or a year, average realised 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 realised 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 realise month of sale LME prices.

Total exposure on provisionally priced Zinc, Lead & Silver contracts as at March 31, 2020 were ₹37 Crore (March 31, 2019 ₹189 Crore), ₹2 Crore (March 31, 2019 ₹80 Crore) and Nil (March 31, 2019 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, 2020 is ₹4 Crore, Nil, Nil respectively and as at March 31, 2019 is ₹19 Crore, ₹4 Crore and Nil respectively.

Notes to the Financial Statements

for the year ended March 31, 2020

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 optimise 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	1-2 Years	2-5 Years	> 5 Years	Total
As at March 31, 2020					
Trade and other payables	2,933	-	-	-	2,933
Lease Liabilities	6	11	10	1	28
Derivative financial liabilities	36	-	-	-	36
Borrowings	611	-	-	-	611
Total	**3,586**	**11**	**10**	**1**	**3,608**
As at March 31, 2019					
Trade and other payables	2,562	17	2	-	2,581
Derivative financial liabilities	13	-	-	-	13
Borrowings	2,538	-	-	-	2,538
Total	**5,113**	**17**	**2**	**-**	**5,132**

The Company had access to following funding facilities.

(₹ in Crore)

Funding facility	Total facility	Drawn	Undrawn
As at March 31, 2020			
Less than 1 year	2,600	1,730	870
More than 1 year	-	-	-
Total	**2,600**	**1,730**	**870**
As at March 31, 2019			
Less than 1 year	2,800	1,357	1,443
More than 1 year	-	-	-
Total	**2,800**	**1,357**	**1,443**

Notes to the Financial Statements

for the year ended March 31, 2020

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, 2020		As at March 31, 2019	
	Financial Asset	**Financial Liability**	Financial Asset	Financial Liability
US Dollar	**276**	**204**	58	413
Australian Dollar	**-**	**16**	-	36
Euro	**-**	**262**	-	22
Others	**-**	**11**	-	6

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.

Set out below is the impact of a 5% 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 5% strengthening/weakening of INR on pre-tax profit/(loss)	
	For the year ended March 31, 2020	For the year ended March 31, 2019	**For the year ended March 31, 2020**	For the year ended March 31, 2019
US Dollar	**(72)**	355	**(4)**	18
Australian Dollar	**16**	36	**1**	2
Euro	**262**	22	**13**	1
Others	**11**	6	**1**	-

Notes to the Financial Statements

for the year ended March 31, 2020

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. Additionally, the investments portfolio is independently reviewed by CRISIL Limited, and it has been rated as "Tier I" meaning highest safety.

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
As at March 31, 2020				
Financials assets	22,709	10,047	12,185	477
Financial liabilities	3,608	-	715	2,893
As at March 31, 2019				
Financials assets	19,765	8,717	10,771	277
Financial liabilities	5,132	-	2,538	2,594

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, 2020 & March 31, 2019 and it is not significantly exposed to interest rate risk.

Considering the net investment position as at March 31, 2020 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 rate of floating investment 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, 2020 is ₹50 Crore, ₹100 Crore and ₹201 Crore and for year ended March 31, 2019 is ₹44 Crore, ₹87 Crore and ₹174 Crore respectively.

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.

Notes to the Financial Statements

for the year ended March 31, 2020

The carrying value of the financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk as at March 31, 2020 and March 31, 2019 are ₹22,709 Crore and ₹19,765 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, 2020, 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, 2020 and March 31, 2019:

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Neither impaired nor past due	322	190
Past due but not impaired		
Less than 1 month	13	25
Between 1-3 months	90	21
Between 3-12 months	21	16
Greater than 12 months	16	2
Total	**462**	**254**

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.

All derivative financial instruments are recognised 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.

Notes to the Financial Statements

for the year ended March 31, 2020

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 recognised 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, 2020.

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, 2020) 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 recognised 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:

(₹ in Crore)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Current				
Non - qualifying hedges				
Commodity contracts	-	20	1	-
Forward foreign currency contracts	4	16	-	12
Total	**4**	**36**	**1**	**12**

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
As at March 31, 2020				
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

Notes to the Financial Statements

for the year ended March 31, 2020

(₹ in Crore)

Currency	Foreign currency	Indian Rupees	Buy / Sell	Cross Currency
As at March 31, 2019				
AUD	0	11	Buy	INR
EUR	2	182	Buy	INR
SEK	1	6	Buy	INR
USD	28	1,976	Buy	INR
AUD	1	44	Buy	USD
EUR	1	53	Buy	USD
GBP	0	4	Buy	USD
SEK	0	3	Buy	USD
JPY	9	6	Buy	USD

B. The following are the outstanding position of commodity hedging open contracts as at March 31, 2020 :-

Zinc forwards/futures sale/buy for 2,150 MT (2019: 10,125 MT)

Lead forwards/futures sale/buy for 10,400 MT (2019: 5,350 MT)

Silver forwards/futures sale/buy for 854,960 Oz (2019: 1,183,591 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, 2020	As at March 31, 2019
Debtors	**276**	58
Creditors	**115**	140

35. 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. There are no long-term borrowings outstanding as at end of the year. 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 March 31, 2020	As at March 31, 2019
Equity	**40,310**	**33,605**
Cash and cash equivalents (See Note 11)	**1,878**	2
Short-term investments (See Note 9)	**20,329**	19,488
Total cash (a)	**22,207**	**19,490**
Total debt (b)	**611**	**2,538**
Net debt (b-a)	**-**	**-**
Total equity (equity + net debt) (See Statement of changes in Equity)	**40,310**	**33,605**
Net debt to equity ratio (gearing ratio)	**-**	**-**

Notes to the Financial Statements

for the year ended March 31, 2020

36. 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

Konkola Copper Mines Plc.

Fujairah Gold FZC

Black Mountain Mining (Pty) Limited

Namzinc (Pty) Limited

Vizag General Cargo Berth Private 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)

Hindustan Zinc Limited Employee's Contributory Provident Fund Trust

Hindustan Zinc Limited Employee's Group Gratuity Trust

Hindustan Zinc Limited Superannuation Trust

b. Transactions with Key management Personnel:

Compensation of key management personnel of the Company recognised as expense during the reporting period

(₹ in Crore)

Nature of transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Short-term employee benefits [1]	9	10
Sitting fee and commission to directors	1	1
Share-based payment transactions	-	4
Total compensation paid to key management personnel	**10**	**15**

(1) 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.

Notes to the Financial Statements

for the year ended March 31, 2020

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, 2020 and March 31, 2019 are as follows

(₹ in Crore)

Nature of transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of Goods		
Sterlite Power Transmission Ltd	2	1
Fujairah Gold FZC	14	20
Total	**16**	**21**

(₹ in Crore)

Nature of transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
Purchase of property, plant and equipment		
Vedanta Limited	0	0
Total	**0**	**0**
Interest Income		
Konkola Copper Mines Plc.	-	0
Total	**-**	**0**
Purchase of Goods		
Vedanta Ltd	11	4
Bharat Aluminium Company Limited	18	21
Sterlite Power Transmission Ltd	-	1
Total	**29**	**26**
Dividend		
Vedanta Limited	-	5,486
Government of India	-	2,496
Total	**-**	**7,982**
Other Expenses and other reimbursements		
Vedanta Limited	68	111
Fellow Subsidiaries	(0)	0
Total	**68**	**111**
Donations		
Vedanta Foundation	0	0
Total	**0**	**0**
Contribution to :		
Hindustan Zinc Limited Employee's Contributory Provident Fund Trust	31	29
Hindustan Zinc Limited Employee's Group Gratuity Trust	54	62
Hindustan Zinc Limited Superannuation Trust	3	3
Total	**88**	**94**

All the transactions entered by the Company with the related parties are at arm's length price.

Notes to the Financial Statements

for the year ended March 31, 2020

The balances receivable/payable as at year end:

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
Receivable From		
Konkola Copper Mines Plc.	0	0
Vedanta Ltd.	15	0
Fujairah Gold FZC	5	5
Black Mountain Mining (PTY) Limited	0	0
Talwandi Sabo Power Limited	-	0
Total	**20**	**5**
Payable To		
Bharat Aluminium Company Limited	6	4
Vedanta Ltd.	1	10
Sterlite Power Transmission Limited	0	2
Hindustan Zinc Limited Employee's Contributory Provident Fund Trust	10	10
Hindustan Zinc Limited Employee's Group Gratuity Trust	35	54
Hindustan Zinc Limited Superannuation Trust	0	0
Total	**52**	**80**

e. Related party transactions & balances of "0" represents value less than ₹0.50 Crore

37. The Board of Directors of the Company on May 12, 2020 declared an interim dividend of ₹16.50 per equity share aggregating to ₹6,972 Crore for the current financial year ending on March 31, 2020. Other than that no significant events have occurred subsequent to the balance sheet date which may require additional disclosures or any adjustments to the financial statements.

38. 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: May 21, 2020
Place: Mumbai

For and on behalf of the Board of Directors

Sunil Duggal
CEO & Whole-time Director
DIN: 07291685

Swayam Saurabh
Chief Financial Officer

Date: May 21, 2020
Place: Udaipur

A. R. Narayanaswamy
Director
DIN: 00818169
Place: Mumbai

R. Pandwal
Company Secretary
ICSI Membership No.: A9377

Notes

Notes



HINDUSTAN ZINC

Zinc & Silver of India

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