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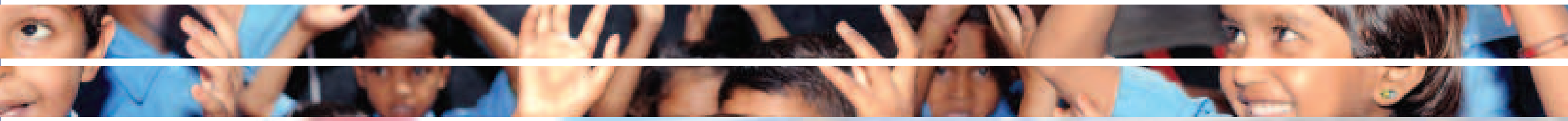

THE HEART OF ENTERPRISE

HINDUSTAN ZINC

SCALE. EXPERTISE. SUSTAINABILITY.

HINDUSTAN ZINC LIMITED

ANNUAL REPORT **2011-12**

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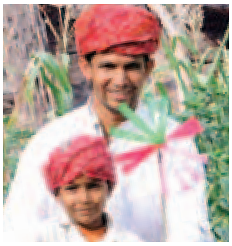

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In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements 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 these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties 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.

WHAT IT TAKES...

To identify and develop mineral resources in an under-explored country like India?

To possess over 25 years of mine reserves and resources?

To achieve significant growth and profitability in a volatile market scenario?

To enhance production scale and execution brilliance to retain profitability, despite metal price fluctuations?

To feature among the top global Silver producers and maintain global leadership position in Zinc-Lead with over a Million tonnes annual capacity?

To become one of India's largest green energy producers with 274 MW of wind power capacity?

To be the only integrated player in India of Zinc, Lead and Silver with more than 80% market share in Zinc?

...THE HEART

At HZL, enterprise is not limited to business entrepreneurship.

Our community efforts impact over 500,000 lives and we are committed to make their tomorrow better than their today.

Our focus is on conserving resources, improving health, safety and environmental stewardship, enhancing the quality of life of our people and of those we live and work with.

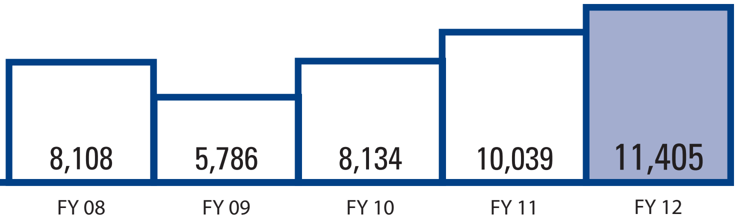
So what lies at the heart of our enterprise is not just a business imperative, but a mandate to create happiness.

FINANCIAL SCORECARD

NET REVENUE

11,405

(₹ CRORES)

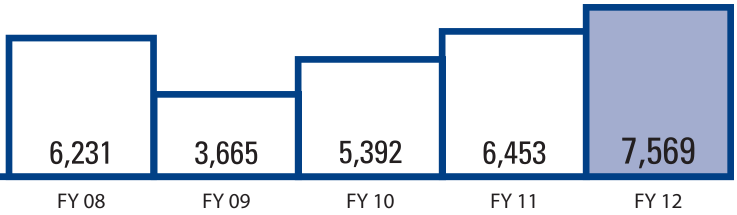


PBDIT

PROFIT BEFORE DEPRECIATION, INTEREST & TAX

7,569

(₹ CRORES)

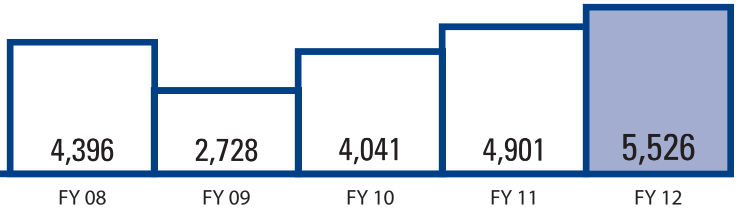


PAT

PROFIT AFTER TAX

5,526

(₹ CRORES)

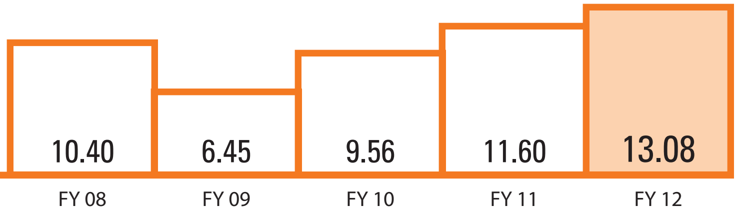


EPS

EARNINGS PER SHARE

13.08

(₹)

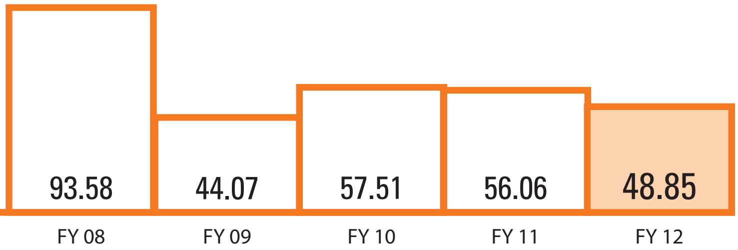


ROCE

RETURN ON CAPITAL EMPLOYED

48.85

(%)



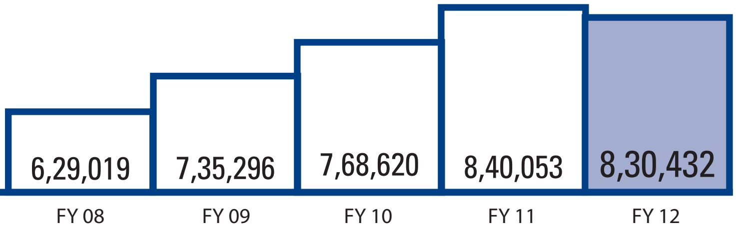
(*)The EPS figures have been reworked for FY 2008 to FY 2010, to give effect of subdivision of shares and the allotment of bonus shares. The existing equity shares of ₹ 10 /- each were subdivided into 5 equity shares of ₹ 2 each and bonus shares in the ratio of 1:1 (post split) were allotted on March 9, 2011

OPERATIONAL SCORECARD

MINED METAL

8,30,432

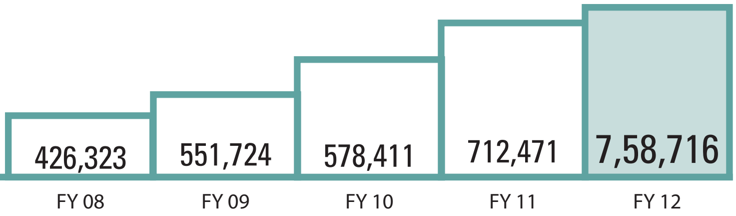
(TONNES)



REFINED ZINC

7,58,716

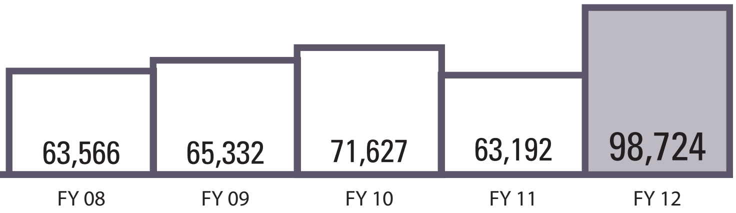
(TONNES)



REFINED LEAD

98,724

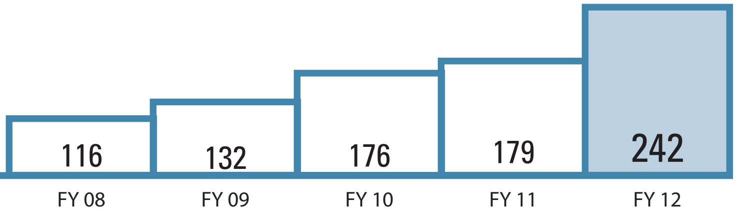
(TONNES)



REFINED SILVER

242

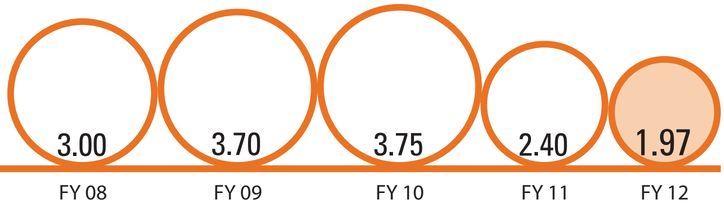
(TONNES)



SAFETY QUOTIENT

1.97

LOST TIME INJURIES PER MILLION MAN-HOURS WORKED (LTIFR)



AWARDS AND RECOGNITION

We are pleased to have our efforts towards operational excellence and sustainable development recognised by way of awards at **both national and international levels.**

Notable amongst our awards are:

QUALITY

- IMC Ramakrishna Bajaj National Quality Award – 'Performance Excellence Trophy' (RBNQA – 2011)
- Best Prax Compass Award 2011
- SAP ACE award 2011 in the category of 'Best run IT organisation'
- 'Silver Certificate of Merit' by the jury of ET's IMEA 2011 in partnership with Frost & Sullivan

HSE

- 'Innovative Environmental Project' award at the CII Environmental Best Practices Award 2012
- Rajasthan Energy Conservation Award 2011

CSR

- ASSOCHAM CSR Excellence award for FY 2012

Providing nutrition to over 180,000 children

VISION, MISSION AND VALUES

VISION

To be the world's largest and most admired Zinc-Lead & Silver Company.

MISSION

– Enhance stakeholders' value through exploration, innovation, operational excellence and sustainability.

– Be a globally lowest cost producer.

– Maintain market leadership and customer delight

VALUES

ENTREPRENEURSHIP

We foster an entrepreneurial spirit throughout our businesses and value the ability to foresee business opportunities early in the cycle and act on them swiftly. Whether it be developing organic growth projects, making strategic acquisitions or creating entrepreneurs from within, we ensure an entrepreneurial spirit at the heart of our workplace.

GROWTH

We continue to deliver growth and generate significant value for our shareholders. Moreover, our organic growth pipeline is strong as we seek to continue to deliver significant growth for shareholders in the future. We have pursued growth across all our businesses and into new areas, always on the basis that value must be delivered.

EXCELLENCE

Achieving excellence in all that we do is our way of life. We strive to consistently deliver projects ahead of time at industry-leading costs of construction and within budget. We focus on constantly achieving a top decile cost of production in each of our businesses. To attain this, we follow a culture of best practice benchmarking.

TRUST

The trust that our stakeholders place in us is key to our success. We recognise that we must responsibly deliver on the promises we make to earn that trust. We constantly strive to meet stakeholder expectations of us and deliver ahead of expectations.

SUSTAINABILITY

We practice sustainability within the framework of well-defined governance structures and policies, with the demonstrated commitment of our management and employees. We aim that our projects make a net positive impact on the environment wherever we work.

AT THE HEART OF OUR OPERATIONS

FY 2012

MINING

	RAMPURA AGUCHA	SINDESAR KHURD	RAJPURA DARIBA	ZAWAR
ORE PRODUCED (Million Tonnes)	5.95	1.30	0.59	0.20
TYPE OF MINE	Open Cast	Underground	Underground	Underground
RESERVES (Million Tonnes)	69.3	21.6	8.8	7.8
RESOURCES (Million Tonnes)	41.1	59.8	43.5	64.1
ORE PRODUCTION CAPACITY (mtpa)	6.15	2.00	0.90	1.20

Note: We also have a Rock-Phosphate mine in Maton near Udaipur in Rajasthan - Annual production capacity of 0.18 Million tonnes (FY 2012 production: 0.18 Million tonnes); Reserves & Resources of 5 Million tonnes

SMELTING

		CHANDERIYA	DARIBA	DEBARI	VIZAG+
PRODUCTION (Tonnes)	ZINC	4,64,021	1,98,204	68,046	28,445
	LEAD*	68,309	30,415		
CAPACITY (Tonnes)	ZINC	525,000	210,000	88,000	56,000
	LEAD	85,000	100,000		

* Includes captive Lead consumption of 6,625 tonnes
+ Operations currently under suspension

Note: We also have Zinc, Lead and Silver refining facilities in the State of Uttarakhand

KEY BY-PRODUCT PRODUCTION

- Refined Silver – 242 tonnes** (capacity – 518 tonnes)
- Sulphuric Acid – 1.31 Million tonnes (capacity – 1.74 Million tonnes)

** Includes captive Silver consumption of 35 tonnes

POWER

	CHANDERIYA	DARIBA	ZAWAR	DEBARI
COAL BASED CAPTIVE POWER PLANT (MW)	234	160	80	-
WASTE HEAT RECOVERY (MW)	13.7	4.3	-	6.5

WIND ENERGY FARMS	GUJARAT	KARNATAKA	RAJASTHAN	TAMILNADU	MAHARASHTRA
CAPACITY (MW)	88.8	49.4	88.8	21.0	25.5

WHAT KEPT US BUSY IN FY 2012

2.0 MTPA	Ramped-up Sindesar Khurd mine to 2.0 mtpa capacity
100 KTPA	Commissioned the 100 ktpa Lead smelter at Dariba, increasing the Lead production capacity to 185 ktpa
500 TPA	Commissioned new Silver refinery, increasing the Silver refining capacity to 500 tpa
5,000 SQ KM	Active exploration across 5,000+ sq km pan India
102 MW	Commissioned 102 MW expansion in wind power, increasing total wind power generation capacity to around 274 MW
	Commenced underground mine development work at Rampura Agucha mine and greenfield Kayar mine

OUTCOME

₹55,880 CR

Market capitalisation as on March 31, 2012

₹17,948 CR

Strong balance sheet with cash & cash equivalents and current investments

120%

Final dividend recommended at 45%, taking the total dividend for the year to 120%, the highest ever

CHAIRMAN'S COMMUNIQUÉ

Agnivesh Agarwal
Chairman

DEAR SHAREHOLDERS

We are pleased to report yet another year of growth and profitability in a very challenging global environment. During the year, the demand for base metals was adversely impacted and global business confidence was visibly shaken. While the global leaders struggled to contain the sovereign debt situation in Europe, we remained unfazed in the face of sharp ups and downs in metal prices. **We had a double-digit growth in our profitability by cost-effective production and rising volumes.**

Envisioning leadership in all segments we operate in, we have strategised our growth in Lead and Silver, while we continue to retain our global leadership position in Zinc. We feel energised by your support to perform even better in the coming year.

SCALING UP

We have commissioned a new Lead smelter and Silver refinery during the year. This enhances our production capacity to over one Million tonnes in the Zinc-Lead business and increases the Silver refining capacity to over 500 tonnes. While unlocking value from scale, this recent capacity development at HZL has placed us in league with the top global Silver producers.

TENACITY IN PERFORMANCE

The management team's resolute performance in the face of external challenges has not gone unnoticed and I am proud of the talent that we have managed to attract and retain with our best employer practices.

INDIA ON THE RADAR

We continue to retain our focus on India, being a large growing market and an under-explored territory for base metals. We supply more than 80% of India's demand for Zinc, which is essential for galvanising the country's infrastructure and construction industries. Our newly added Lead capacity will serve the nascent but expanding automobiles and industrial segments. In addition, our enhanced Silver production will reduce the country's dependence on imports. While we continue to explore for new mineral reserves to fulfil our nation's future needs, our strong cash reserves of USD 3.5 billion gives us a war-chest to look at acquiring strategic raw material reserves in India and overseas to supplement our growing requirements.

LONG TERM VALUE CREATION

Measuring our success against the yardstick of a 10-year growth in stock value, we have reinforced our sentiment of having your interest close to our heart – the growth in our stock's value per share has been one of the best among mineral resources companies.

In the last decade, our operational progress has been excellent.

- Our reserves and resources base has more than doubled to 332.3 Million tonnes,
- Ore production capacity has increased by 3 times to 10.25 Million tonnes,
- Zinc and Lead metal production capacity has gone up by 5 times to 1.064 Million tonnes and
- Silver production capacity has gone up by 7 times to 518 tonnes.
- Our flagship Rampura Agucha mine underwent several phases of expansion from 1.35 Million tonnes to 6.15 Million tonnes. It is the largest Zinc mine in the world based on mined metal production.
- We built a new mine at Sindesar Khurd, which now has a capacity of 2.0 Million tonnes with reserves and resources of 81.4 Million tonnes.

SHAREOWNER RETURN

We announced our best dividend in FY 2012 reflecting our commitment to enhance returns to investors. Our Board of Directors has recommended a final dividend of 45%, i.e., ₹ 0.90 per share on equity share of ₹ 2.00 each. This takes the total dividend for FY 2012 to 120%, i.e., ₹ 2.40 per share, which is the highest ever dividend proposed by the Company.

A ₹ 1,000 investment in your Company at the end of FY 2003 is worth ₹ 89,930 as on March 31, 2012. Seeking incessant growth for the Company and higher returns for you year after year, we continue to invest in value generating projects.

RESPONSIBLE BUSINESS

Another pillar of strength is our responsibility for all those with whom we associate and especially the communities that we embed ourselves in. We remain committed to proactive efforts in fulfilling our social responsibility.

I sincerely appreciate the support received from every HZL stakeholder. Thank you for reposing your faith in us. Our commitment towards promoting your interest by ensuring our Company's growth on a still higher scale gives us a sense of purpose as well as direction. Finally, I express my gratitude and confidence in all HZL employees for their dedication, perseverance and resilience in every situation.

Warm Regards,

Agnivesh Agarwal
Chairman

₹89,930

A ₹ 1,000 investment in your Company at the end of 2002-03 is worth ₹ 89,930 as on March 31, 2012.

₹2.40

The total dividend at 120% is the highest ever dividend proposed by the Company

EMPATHY AND ENTERPRISE

We see the world through your eyes. We are committed to entrepreneurship. At the same time, what motivates us is our dedication to business integrity and social responsibility. As an enterprise, we pursue maximisation of all stakeholders' value by focusing on quality, innovation and sustainability. As we feel one with our stakeholders, we are energised and directed towards our goals much more.

UNCOMPROMISING QUALITY

We ensure quality-first mantra in everything we do. We are accredited with ISO 9001 certification, ensuring stringent quality protocol; ISO 14001 certification to attain global environmental benchmarks; OHSAS 18001 ensuring occupational health and safety assessment standards and 5S certification to drive constant improvement. All mines and smelters are backed by environment friendly technology and maintain virtually zero discharge.

FUELLING INNOVATION

Our spirit of enterprise is constantly fuelled by the research and development activities at HZL's Central Research & Development Laboratory. Our research focuses on enhancing metal recoveries, recovering values from waste and optimising waste management. A premier research centre, the HZL laboratory is recognised by the Department of Scientific and Industrial Research, Government of India and listed with the American Society for Testing and Materials online directory. In collaboration with International Zinc Association, we facilitate broad-based usage for Zinc.

DEVELOPING HUMAN CAPITAL

Our efforts at feeling one with our human capital of around 6,300 employees have won us the 2nd best employer in India and have placed us amongst the 25 best employers in Asia (Hewitt Associates Study 2009). Being pioneers in hi-tech mining, we have one of the largest talent-pool of mining professionals headed by our CEO, a recipient of the 'National Mineral Award' by the Government of India. The quality of life and growth opportunities available to our employees ensures low single-digit annual attrition levels.

NURTURING COMMUNITIES

Our strong belief in giving back to the society leads us to work passionately towards enriching the lives of people in the vicinity of our operations. In collaboration with the Government and NGOs, our six hi-tech kitchens provide mid-day meals to over 180,000 children in Rajasthan. We have adopted 45 poverty-stricken villages under our Integrated Panchayat Development Programme (IPDP) for their holistic development through livelihood, health, sanitation, safe drinking water and skill enhancement initiatives. Our total outreach of over 350 villages, more than 500,000 people and over 100,000 households, has made a positive difference in the lives of the people, especially the tribal/backward populace.

A SUSTAINABLE RESOURCE BASE

We replace every tonne of ore mined with equal tonne of resource. We have a long mine life of over 25 years and a strong focus on pan-India exploration footprint using state-of-the-art equipment & technology, many of which are being used for the first time in the country.

CREATING HAPPINESS

As an enterprise imbued with empathy, we have not only brought smiles on the faces of our customers, vendors, employees and communities at large, but also given our shareholders a reason to be happy – outperforming stock price, increasing dividends and a cash-rich balance sheet. We contribute over ₹ 3,000 Crores to the exchequer (State and Central) annually and are the largest employers in the state of Rajasthan.

MARKET OUTLOOK
ZINC

The market outlook is definitely upbeat.
The robust demand growth expected from rapid industrialisation and infrastructure development in the developing countries coupled with projected supply shortages, bodes well for Zinc prices.

2011 GLOBAL MARKET

12,782KT	12,608KT
Mine Production	Consumption
5.5%	7.9%
Production growth	Consumption growth

Global Zinc demand-supply balance likely to be in deficit in future

In 2011 HZL was the second largest contributor to global Zinc production. Market balance has decidedly shifted to Asia, which accounted for 60% of global refined Zinc production and consumption. Over the last few years, HZL has strengthened its competitive position in Asia and is now one of the leading suppliers of Zinc to growing Asian economies.

The Zinc consumption growth is mainly driven by the developing countries on the path of rapid urbanisation and increased demand for galvanised sheets. In the future, demand from the emerging countries is expected to offset the deceleration of demand in Europe and western countries. Global Zinc demand is expected to grow at a modest 5% in 2012 and a similar growth is anticipated in 2013, increasing the global Zinc consumption to just short of 14Mt by the end of 2013.

STRONG LONG TERM OUTLOOK FOR DEVELOPING COUNTRIES

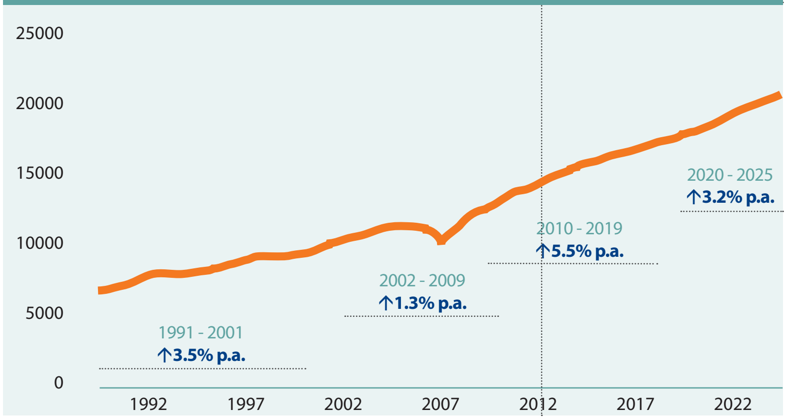
Developing countries will continue to outpace the rest of the world, as urbanisation and infrastructure development continue to drive the growth. The automotive industry, offers plenty of potential for Zinc demand growth on account of low but growing vehicle density in the developing nations. Furthermore, sustained market development including significant increase in the usage of coated steel in developing countries will open up new markets. The growth in China, although forecast to be slow, will still remain strong by historical global standards and further bolster Asian growth prospects. This along with the growth in the other developing economies as a whole will result in developing world Zinc consumption growing by 6.9% p.a. over the period 2012-2015.

India, being a high growth-high demand market, has one of the lowest per capita consumption of Zinc and thus the demand potential holds promise. Notwithstanding the global economic slowdown, the industry succeeded in sustaining its positive growth momentum on the strong fundamentals of domestic demand and expanding Continuous Galvanising sector. Moreover, the Government's incentive plans to boost economic growth in various industries will further drive Zinc demand. The Government's investment in infrastructure is proposed to be doubled in the Twelfth Five-Year plan (2012-2017) to USD 1.0 trillion. Zinc demand growth will therefore benefit from coated steel consumption growth in view of incessant urbanisation and forecast double digit growth in automobiles, taking it to over 8.4% in 2012 and thereon upholding the demand growth momentum to around 6-7% annual rate in long run. HZL has an 82% market share in India and is well positioned to benefit from this growth.

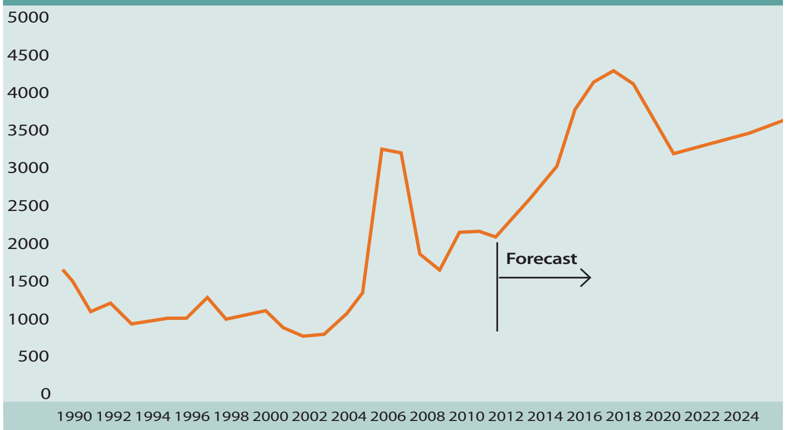
SUPPORT FOR HIGHER ZINC PRICE IN FUTURE

Zinc price is projected to be in a secular uptrend and rise gradually over the next couple of years, before breaking out in 2014. The market is presently in a slight surplus with refined metal production higher than consumption. However, this trend to projected to reverse starting 2014 and severe mine output shortfall are foreseen in 2015. This switch from surplus to deficit is due to robust demand growth and supply shortfall resulting from mine closures and lack of quality mine additions. An estimated 1.2 Million tonnes of current mine production will see closures by 2016, which is almost 10% of current Zinc demand. Further supporting the higher price outlook for Zinc is the rising cost of production due to rising input costs, increasing mine depths and higher capital costs of new mining projects due to infrastructural, environmental and financial bottlenecks.

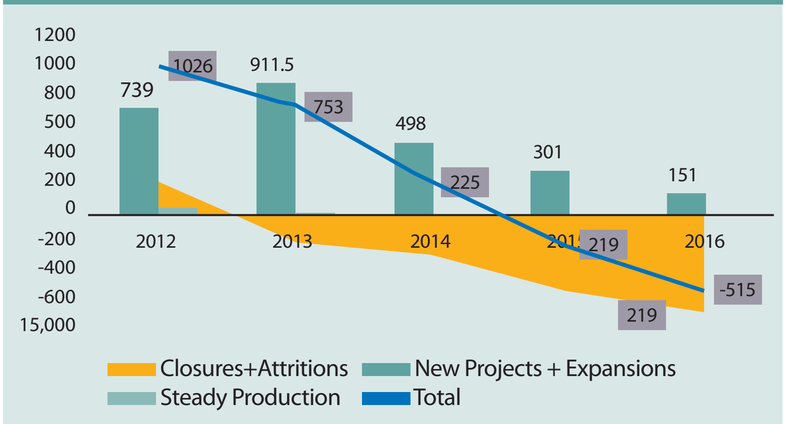
GLOBAL ZINC CONSUMPTION



ZINC LME PRICE (USD PER TONNE)



CHANGES IN THE MINE OUTPUT ('000 TONNES)



Note: New mine production of 5.4 mtpa is needed by 2020 and 11.3 mtpa by 2025

MARKET OUTLOOK
LEAD

The total refined Lead supply for CY 2011 was 10.1 Million tonnes, resulting in a minimal surplus of 0.22 Million tonnes. This gap is further expected to reduce in the coming years.

2011 GLOBAL MARKET

4,515KT
Mine Production

9,878KT
Consumption

12%
Production growth

5%
Consumption growth

HZL's growing Lead production to dent imports

While growth in Lead metal demand will be strong in 2012, its supply will play a pivotal role in the market. Leads major demand driver is the replacement battery market, which at present accounts for around 45% of the global end-use consumption. The ongoing growth of the automobile industry will further push the Lead market growth.

In 2011, the Indian Lead market experienced a growth of 4.3%, as the refined Lead consumption in the country increased to 0.46 Million tonnes. The demand from the battery sector contributes to around 90% of the Indian Lead market.

Following the global trend, the Indian Lead market outlook looks upbeat with continued growth foreseen in the automobile industry. India, along with the other BRIC countries, has become a sought after manufacturing hub for major OEMs. The replacement battery market is growing too as the number of vehicles on the road are increasing every year. Rapid growth in telecommunication and the power deficiency in the country have also resulted in an increased need of industrial and inverter batteries. For the coming years, the Lead market is expected to be strong keeping in line with the growth in demand and the current supply – demand gap from primary source within the country. With the expected automobile and infrastructure growth, the Indian Lead demand is projected to grow and sustain the 6%-7% in the coming years.

We have increased our Lead production capacity to 185,000 tonnes with the successful start up of the new smelter at Dariba and plan to sell most of our Lead production in India.

* Zinc and Lead market outlook data has been sourced from BrookHunt

Global market

In FY 2012, the demand for Silver remained steady at around 32,000 tonnes, a 5% growth compared to the previous year.

3,550 TONNES

Indian demand for Silver increased by 12% to 3,550 tonnes in FY 2012, as compared to the previous year.

Mine production rose by 4% and supply side supported by higher scrap supply increased by 9% this year.

The demand by fabrication has seen a growth of 4% this year due to consistent demand in industrial uses and robust growth in investment, partially offset by a decline in Jewellery and Silverware demand on account of high prices. Due to the higher investment demand and steady industrial growth, Silver demand is expected to further rise in next year.

Indian demand for Silver increased by 12% to 3,550 tonnes in FY 2012, as compared to the previous year. Indian Silver demand is expected to grow on the back of prospective growth in industrial segments with Silver becoming a preferred investment asset along with gold.

HZL on the verge of breaking into the top ten global Silver producers

OPERATIONAL PROGRESS

10.25 MTPA ORE PRODUCTION CAPACITY

1.06 MTPA ZINC-LEAD METAL PRODUCTION CAPACITY

298 MW GREEN POWER

474 MW CAPTIVE POWER PLANT

EVOLUTION. STRATEGY. SAFETY. TEAMWORK.

Evolution has been the motto at Hindustan Zinc. We have evolved over the years in size, integrated operations and efficiency to attain our leadership position in Zinc - Lead and Silver.

We are the second largest Zinc miner and the third largest Zinc smelter in the world and are on the verge of breaking into the top 10 global Silver producers.

OPERATIONAL PROGRESS

MINES

OUR USP

WORLD CLASS RESOURCES

Our flagship mine at **Rampura Agucha** (RAM) is the largest Zinc mine in the world with Reserves & Resources of **110.4 Million tonnes and a mine life of over 25 years.**

RAM has undergone several phases of expansion over the last decade to reach its current capacity of 6.15 Million tonnes. An open-pit mine, RAM has one of the best Zinc-Lead grades in the world with average Zinc-Lead reserves grade of 15.6%. RAM produced 709,481 tonnes of mined Zinc-Lead metal during FY 2012.

In future, we will be producing ore at RAM via underground route. With increasing depth of open pit, it makes financial sense to gradually transition to 100% underground mining over the next 5 to 6 years, while maintaining our total ore production from both open pit and underground mine at about 6.0 Million tonnes in the interim. Underground mine development and associated infrastructure work are progressing as per schedule and is in conformity with the outcomes of the feasibility study carried out by International consultants. Underground mining is planned beyond the ultimate open pit depth of 372 m from the surface.

Rampura Agucha Mine is an open pit mine located 230 km to the north of Udaipur in Rajasthan.

Map of Rajasthan

6.15 MN TONNES

Rampura Agucha mine has undergone several phases of expansion over the last decade to reach its current capacity.

15.6%

Average Zinc-Lead reserves grade

Sindesar Khurd – the largest underground mine in India

Sindesar Khurd mine (SKM) is another world class resource with Reserves and Resources of **81.4 Million tonnes**.

SKM started operations in 2006 and has already seen several phases of expansions from 0.3 Million tonnes to its current capacity of 2.0 Million tonnes. It is a Silver rich mine with Silver reserves and resources of 416 Million ounces. SKM achieved the highest ever mined Zinc-Lead production of 76,289 tonnes in FY 2012, up 106% compared to the previous year. This was primarily on account of the ongoing volume ramp-up, improved recoveries and better utilisation of resources.

SKM is the most mechanised mine in India and is comparable to any other world class mine. It has state-of-the-art infrastructure facilities and mining equipment.

PERFORMANCE OF OUR MINES IN FY 2012

		RAMPURA AGUCHA	SINDESAR KHURD	RAJPURA DARIBA	ZAWAR
ORE MINED ('000 tonnes)		5,947.08	1,303.05	587.60	204.15
ORE MILLED ('000 tonnes)		5,982.36	1,370.34	614.65	267.04
ZINC	FEED GRADE (%)	11.98	4.44	5.43	3.78
	MINED METAL ('000 tonnes)	649.58	51.15	27.79	10.05
LEAD	FEED GRADE (%)	1.77	2.21	1.27	0.54
	MINED METAL ('000 tonnes)	59.90	25.14	5.55	1.28

Excludes Rock Phosphate production from Maton mine.

OPERATIONAL PROGRESS

SMELTERS

INTEGRATED OPERATIONS

Our progressive integration of mining and smelting over the last few years has led to our leading global position in integrated operations.

In FY 2012, we produced **758,716 tonnes** of refined Zinc from our integrated operations, which is about **6%** of the total global Zinc production.

The combination of mining and smelting offers advantages in terms of optimisation of smelting process resulting in higher smelter recoveries and logistical ease from close proximity of mines and smelters. Our major smelting complexes at Chanderiya and Rajpura Dariba have new generation Zinc and Lead smelters with smelting costs that are comparable to the best in the world.

Chanderiya Lead-Zinc Smelter (CLZS) is one of the largest Zinc smelting complexes in the world.

The complex includes two Hydrometallurgical Zinc Smelters, one Pyrometallurgical Lead-Zinc Smelter and one Ausmelt Lead plant. It achieved a production of 464,021 tonnes of refined Zinc metal and 68,309 tonnes of refined Lead metal, up 9% and 8% respectively, compared to the previous year. In addition, Silver is produced as a by-product of smelting process. The refined Silver production during the year was 198,245 kg, up 11% compared to the previous year. The increase in metal production at CLZS was primarily on account of improved throughput & recoveries and other operational efficiencies.

The business excellence and quality improvement initiatives at CLZS have been widely recognised by way of the prestigious 'IMC Ramakrishna Bajaj National Quality Award – Performance Excellence Trophy', for the third year in succession. This award is at par with Malcom Baldrige National Quality Award, USA which is the most prestigious award in the field of Business Excellence.

Preferred destination for metals & mining professionals

Dariba Smelting Complex (DSC) includes a Hydrometallurgical Zinc Smelter and the newly commissioned Lead Smelter based on SKS technology and Sindesar Khurd mine and Rajpura Dariba mine are in the vicinity of the complex.

The Lead Smelter produces Anode Slime, a residue containing Silver, which is refined at our new Silver refinery. DSC achieved a production of 198,204 tonnes of refined Zinc metal, up 20% compared to the previous year and refined Lead metal production of 30,415 tonnes during the year.

The refined Silver production from the new Silver refinery was 43,616 kg. Like Silver, Sulphuric Acid is also produced as a by-product of smelting operations. We produced 1,310,588 tonnes and sold 1,296,663 tonnes of Sulphuric Acid in FY 2012, up 10% and 9% respectively, as compared to FY 2011.

Our total installed production capacity of Sulphuric Acid is 1.74 mtpa. Through our persistent efforts over the years, we have established a very supportive and broad-based domestic market and are one of the largest suppliers of Sulphuric Acid in India.

PERFORMANCE OF OUR SMELTERS IN FY 2012

(In tonnes)

	CHANDERIYA LEAD-ZINC SMELTER	DARIBA SMELTING COMPLEX	ZINC SMELTER DEBARI	ZINC SMELTER VIZAG
REFINED ZINC	464,021	198,204	68,046	28,445
REFINED LEAD*	68,309	30,415	-	-
SULPHURIC ACID	661,640	266,671	332,489	49,787

*Includes captive consumption of 6,625 tonnes Lead in FY 2012

Total refined Silver production during FY 2012 was 242 tonnes. This includes captive consumption of 35 tonnes.

LOW COST OF OPERATIONS

Our mines and smelters are consistently ranked by Brookhunt, a leading Industry Consultant, among the lowest cost operations globally. Brookhunt measures competitiveness of mines in terms of Cash Cost of Production, net of by-product credits. We achieve low costs due to our high ore grades, integrated operations, high recovery efficiencies of our mills & smelters, significant by-product credits and low power costs.

OPERATIONAL PROGRESS

POWER

Self sufficiency in power with captive power generation capacity of 474 MW

In order to ensure sustainability of our operations, we have **Captive Power Plants (CPP)** to cater to the power requirement of our smelters and mines.

3,401.7

MILLION UNITS (MU)

The total power generated in FY 2012, an increase of around 21% as compared to FY 2011.

In a power-deficit country, both availability and cost of power are critical to our operations. Accordingly, we have set up thermal Captive Power Plants at Chanderiya, Dariba and Zawar with power generation capacity of 474 MW. We also generate power from the waste heat generated from our Roasters. We have 24.5 MW of power generation capacity from waste heat recovery.

We have taken various initiatives to reduce the cost of coal, which is the main cost driver, as a part of our power cost reduction measures. These initiatives include obtaining coal via coal linkages, optimising the blend of Indian and imported coal, keeping the auxiliary consumption at a minimum and operating the power plants at high Plant Load Factor (PLF).

COAL

THE KEY RAW MATERIAL FOR CAPTIVE THERMAL POWER PLANTS

Our captive power plants use a blend of Indian and imported coal. In order to reduce the blended coal cost, we have taken various initiatives to maximise the percentage of Indian coal in our plants. We are currently maintaining a fair combination of both indigenous and imported coal. We have a Linkage coal / Fuel Supply Agreement (FSA) with South Eastern Coalfields Limited (a subsidiary of Coal India Limited). All of our domestic coal comes through the linkage agreement. Our balance requirement of imported coal is currently being catered through imports from Indonesia and elsewhere. Our strategy is to procure Coal on TCO (Total Cost of Ownership) basis, to reduce the ultimate cost per unit.

During the year, we commissioned an additional **102 MW wind power capacity,** increasing our total wind power generation capacity to 274 MW.

Fourth largest wind power commissioned capacity in India

WIND ENERGY

We have 273.5 MW of wind power generation capacity, of which 123.2 MW was commissioned in Phase-I and the balance 150.3 MW was commissioned in Phase-II. During the year, we produced 335.7 Million units of wind power, up 67% compared to the previous year.

PHASE-I

We have 123.2 MW wind power generation capacity in the states of Gujarat (88.8 MW) and Karnataka (34.4 MW). Both the projects are feeding electricity to respective state grids. These projects are registered with a Certified Emission Reduction (CER) potential of 223,163 per annum under the United Nations Framework Convention on Climate Change (UNFCCC) Kyoto protocol for Clean Development Mechanism (CDM). Our wind energy projects have achieved the third highest per turbine generator (WTG) power generation amongst its peer group in both Gujarat and Karnataka.

PHASE-II

In FY 2012, we successfully concluded additional 150.3 MW capacity in the states of Rajasthan (88.8 MW), Karnataka (15 MW), Maharashtra (25.5 MW) and Tamil Nadu (21 MW). This expansion has increased our total installed capacity to 273.5 MW making us the one of the largest wind power producer in India. The additional 150.3 MW will also be registered under the UNFCCC's Kyoto protocol for CDM and has a CER potential of around 253,082 per annum.

102 MW

Additional wind power capacity commissioned during the year, increasing our total wind power generation capacity to 274 MW.

OPERATIONAL PROGRESS

EXPLORATION

Our exploration programme is an important element of our growth and expansion strategy. **We aim to replace every tonne of ore mined.** We are engaged in aggressive greenfield exploration and have deployed best of the technologies that can see in depth (greater than 500 m) and have multi-disciplinary data integration and interpretation capability to identify targets having best chance of success.

Our aim is to identify and develop world-class Zinc-Lead deposits in India. We focus on the state of Rajasthan, which is an under-explored Zinc-Lead belt. Our exploration program entails systematic exploration around our mines to identify continuations of all Mine Sequences. In addition, we have project generation teams to identify Zinc-Lead belts across India. Concurrently, ongoing brownfield exploration looks to expand resources of existing mines.

During the year, systematic Greenfield exploration was continued over 4,500 sq km under nine Reconnaissance Permits (RP) in Rajasthan. The highlights in the reconnaissance drilling include massive sulphide zone intersections and intersections of massive to semi-massive magnetite zones over significant widths.

Based on the review of geological data and project generation studies, 14 new RPs covering around 18,700 sq km across India were applied for during the year. In addition, seven Prospecting Licences (PLs) covering 48.5 sq km and three Mining Leases (MLs) covering 18.5 sq km were also filed during the year.

Advanced mineral exploration technologies viz. Heliborne Magnetic and Electro-Magnetic (VTEM), high resolution ground magnetic and gravity surveys, Deep Earth Imaging (Titan), GPS enabled field (XRF) Geochemical surveys in conjunction with other data acquisition and integration systems are being deployed to systematically explore all exploration properties. To increase the effectiveness and provide more options with our geophysical surveying, a SMARTem was deployed during the year. A total of 94,950 m of core and non-core drilling was completed at various exploration sites throughout the mines and tenements. A hole of 1,545 m was drilled at Rajpura Dariba which is the deepest ever at any base metal exploration project in India.

The ongoing exploration activities have yielded significant success with the gross addition of 27.1 Million tonnes to reserves and resources, prior to a depletion of 8.04 Million tonnes in FY 2012. The contained Zinc-Lead metal has increased by 1.2 Million tonnes, prior to a depletion of 0.83 Million tonnes during the same period. Total reserves and resources at March 31, 2012 were 332.3 Million tonnes containing 35 Million tonnes of Zinc-Lead metal and 912 Million ounces of Silver. The reserves and resources position has been independently reviewed and certified as per the Joint Ore Reserves Committee (JORC) standard.

RESERVES AND RESOURCES AS ON MARCH 31, 2012

MINE	RESOURCES								RESERVES			
	MEASURED AND INDICATED				INFERRED				PROVED AND PROBABLE			
	MILLION TONNES	GRADE (%) ZINC	GRADE (%) LEAD	Gm/T SILVER	MILLION TONNES	GRADE (%) ZINC	GRADE (%) LEAD	Gm/T SILVER	MILLION TONNES	GRADE (%) ZINC	GRADE (%) LEAD	Gm/T SILVER
RAMPURA AGUCHA	17.2	14.9	2.0	64	23.9	11.6	2.0	54	69.3	13.7	1.9	61
RAJPURA DARIBA	8.4	7.1	2.0	71	35.1	7.8	2.1	92	8.8	6.3	1.7	68
SINDESAR KHURD	11.4	5.4	2.7	143	48.4	4.5	3.1	162	21.6	4.5	2.7	161
BAMNIA KALAN	1.7	5.3	1.8	80	3.4	5.0	3.8	114				
ZAWAR	25.4	5.0	1.8	43	38.7	5.0	2.6	55	7.8	3.6	2.0	35
KAYAR	8.8	10.5	1.6	34	0.7	7.0	1.0	15	1.8	12.6	1.8	30
TOTAL	72.9	8.3	2.0	66	150.2	6.6	2.6	99	109.3	10.6	2.0	79

Note. The Mineral Resource is reported exclusive of the Ore Reserve

Exploration driving our next phase of growth

CENTRAL RESEARCH AND
DEVELOPMENT LABORATORY

Equipped with state-of-the-art facilities, the Central Research and Development Laboratory is the locus of research aimed exclusively at **developing breakthrough technology for the improvement of the various processes** in Zinc production. Research is majorly geared towards making mining and smelting processes **environmentally benign** and the reduction of overall costs.

In-house research enhancing recoveries and reducing costs

Our in-house Central Research Development Laboratory (CRDL) strives to enhance the deliverables of our business, tangible as well as intangible. The Laboratory undertakes research initiatives for continuous improvement in operating practices and product quality, enhancing metal recovery, cost reduction, path breaking technologies, benchmarking and identifying beneficial uses of solid wastes. We aspire to position our laboratory as a world class research and development centre.

Our laboratory is recognised by the Department of Scientific and Industrial Research (DSIR) – Government of India, listed in ASTM's (American Society for Testing and Materials) online directory of testing laboratories and certified with ISO 9001:2008, 14001:2004, OHSAS 18001:2007 and 5-S workplace management systems.

MAJOR INITIATIVES

- Focused approach for the enhancement of Silver recoveries like treatment of low grade Lead-Silver concentrate, Silver flotation from Moore cake, testing of Silver promoter reagents in beneficiation plants and bulk flotation studies for SKM ore for enhanced Silver recovery
- Quality improvement of the products in concentrator, Rock Phosphate and smelters (Cadmium sponge)
- Improved plant performance and controls through regular mineralogical investigations, different ore type blending test and Silver recovery audits
- Process improvement in hydro-smelters by reducing circuit Chloride level and evaluating acid mist suppressant performance in cell house
- Recovery of Lead, Silver, Copper, Cobalt and Antimony from different residues or slag
- Sustainable utilisation of Jarosite in cement industries and road construction

HUMAN CAPITAL

Our human capital development initiatives are focused on imbibing learning, bringing in operational discipline and best-in-class global practices, enhancing problem solving, strengthening analytical skills and developing leaders.

KEY INITIATIVES DURING FY 2012

- Employee visits to international best practices mines/smelters
- Executive participation in workshops and seminars
- Specialised technical trainings for executives
- Executive trainings on Standard Operating Procedures (SOPs)
- Executive Management and Supervisory Development Programs
- Skill Development Initiatives
- Behavioural based Safety Program inculcating safe work behaviour.
- Quality circles to build and produce quality products

Our human capital has been instrumental in the phenomenal growth trajectory demonstrated by the Company. We believe in recruiting, developing and retaining truly outstanding talent.

For employee engagement and improving quality of life, various initiatives were taken across locations. **'Sangini'** – A women employees' initiative, **The ART of Living** – Yoga sessions and many more such events were organised.

HZL is proud to share that two employees received the **'National Geo Science Award'** and four employees received the **'Prime Minister's Shram Award'.**

REVIEWING OUR NUMBERS

(₹ in Crores)

	FY 2012	FY 2011
NET REVENUE FROM OPERATIONS	11,405	10,039
OTHER INCOME	1,543	866
TOTAL INCOME	12,948	10,905
MINING MANUFACTURING AND OTHER EXPENSES INCLUDING CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS	5,335	4,431
FINANCE COST	14	18
DEPRECIATION	611	475
TOTAL EXPENDITURE	5,960	4,924
PBDIT	7,569	6,453
INCOME TAX	1,419	1,059
PAT	5,526	4,901
EARNINGS PER SHARE (₹)	13.08	11.60

Financial information is presented in accordance with the Accounting Standards (AS). Our reporting currency is Indian Rupees (INR). We have performed well financially on the back of volume growth, improved Zinc-Lead and Silver realisations, enhanced operational efficiencies and INR depreciation. We continue to maintain our cost competitiveness and sustainable growth and profitability.

SALES

The Company sold 438,171 tonnes of Zinc metal in the domestic market and exported 320,328 tonnes. Domestic Lead metal sale was 74,713 tonnes, while the export sale accounted for 16,988 tonnes. Silver metal sales were 206 tonnes, all in the domestic market.

PRODUCTION

Mined metal production was 830,432 tonnes in FY 2012 compared to 840,053 tonnes in FY 2011. The marginal decline was due to a temporary decline in ore grade at RAM, partially offset by higher metal recoveries across all mines and increased production at SKM.

Refined Zinc production was 6% higher at a record 758,716 tonnes for the full year, primarily on account of higher utilisation of new generation smelters in Rajasthan, partially offset by ramp-down of Vizag smelter during the fourth quarter.

We achieved record Refined Lead and Silver production this year on account of capacity additions and ramp-up of SKM. Refined Lead production was 98,724 tonnes in FY 2012, up 56% compared to the previous year. Refined Silver production during the year was 241,862 kg, up 35% compared to the previous year.

NET REVENUE FROM OPERATIONS

The Company reported revenues of ₹ 11,405 Crores during the year, up 14% compared to the previous year. This was primarily on account of higher sales volumes, improved price realisation for Silver and INR depreciation.

COST OF PRODUCTION (COP)

The Zinc COP, excluding royalty, for the year was higher by 9% at ₹ 40,003 per MT, compared to the previous year. The increase in costs was largely on account of significant increase in input commodity prices (including coal) and INR depreciation, partially offset by improved operating efficiencies.

OTHER INCOME

The Company reported 'Other income' of ₹ 1,543 Crores during the year, up 78% as compared to the previous year. This was mainly on account of increase in return on investments and increase in total investments base (including fixed deposits) to ₹ 17,948 Crores. The investments base has increased by ₹ 2,983 Crores, in comparison with the previous year.

OPERATING MARGINS

The PBDIT for the current fiscal was higher by 17% at ₹ 7,569 Crores, compared to the previous year. This was primarily on account of higher volumes, improved Silver and Lead prices, INR depreciation and operational efficiencies.

TAXATION

Current tax rate for FY 2012 was higher at 18.35% compared to 13.75% in FY 2011. This is due to end of sunset clause, i.e., non-extension of benefit U/s 10B of Income Tax Act to 210 ktpa Hydro smelter at Chanderiya for FY 2012.

LIQUIDITY AND INVESTMENT

The Company had cash & cash equivalents and current investments of ₹ 17,948 Crores, as on March 31, 2012. This includes ₹ 11,313 Crores in debt mutual funds, ₹ 1,380 Crores in bonds and ₹ 5,225 Crores in Fixed deposit with banks. We exited the year with a strong liquid balance sheet on the back of our excellent cash conversion, even with the significant capital account payments of ₹ 1,672 Crores in the period.

CASH FLOWS

(₹ in Crores)

	FY 2012	FY 2011
OPENING CASH*	**14,965**	**11,875**
ADD: EBITDA	6,106	5,623
ADD: NET INTEREST INCOME	1,492	833
LESS: INCOME TAX & DIVIDEND	(2,729)	(1,412)
LESS: CAPITAL ACCOUNT PAYMENTS	(1,672)	(1,448)
LESS: MOVEMENT IN WORKING CAPITAL & OTHERS	(215)	(505)
CLOSING CASH*	**17,948**	**14,965**

* Includes Cash & Cash Equivalents (refer Note 17 of the financial statements) and Current Investments (refer Note 14 of the financial statements)

WORKING CAPITAL

Gross working capital represented by inventory, sundry debtors and loans and advances; increased from ₹ 1,490 Crores to ₹ 1,724 Crores as at March 31, 2012. The working capital cycle was 55 days in FY 2012. Increase in gross working capital was mainly due to increase in operations.

GROSS BLOCK

The gross block during the year increased to ₹ 12,103 Crores, from ₹ 10,397 Crores in the previous year. This was due to the commissioning of
100 ktpa Lead smelter, the new Silver refinery and 102.3 MW addition in wind power capacity and other sustaining capex.

CAPITAL EMPLOYED

The total Capital employed in FY 2012 was ₹ 8,934 Crores, as compared to ₹ 7,568 Crores in the previous year. The increase capital employed was basically on account of the significant increase in the profits for the year. The ratio of sales to capital employed was 1.28 times in FY 2012, as compared to 1.33 times in FY 2011.

MANAGING UNCERTAINTIES

Over the years, HZL has geared up on several fronts for meeting the challenges inherent in our business. Every process is scrutinised to the minutest detail and the possibility of eventualities is worked out and translated into policies. Such policies are stringently adhered to and undergo periodic review and revision.

Our business and operations are subject to a variety of risks and uncertainties which are not significantly different from those in any other Company of our size and operations. Such risks are the result of not only the business environment within which we operate but also other factors over which we have minimal control. These risks may be categorised as operational, financial, environmental, health and safety, political, market-related and strategic risks. We have well documented and practiced risk management policies that act as an effective tool in minimising various risks.

Risks are identified through a formal risk management programme with the active involvement of business managers and senior management personnel. Each significant risk has an 'owner' within the Company at a senior level and its impact on the Company, if the risk materialises and its likelihood of crystallisation, is regularly reviewed and updated. A risk register and matrix is maintained, which is regularly updated in consultation with business managers.

The risk management process is co-ordinated by the Management Assurance System (MAS) – a team that is not connected with the day-to-day management of the Company; and is regularly reviewed by our Audit Committee. Key business decisions are discussed at the monthly meetings of the Executive Committee and senior managers address risk management issues when presenting initiatives to the Executive Committee. The overall internal control environment and risk management programme is reviewed by our Audit Committee on behalf of the Board.

THE HZL RISK MANAGEMENT FRAMEWORK INCLUDES:

- Hindustan Zinc – Risk management policy
- Risk organisation structure
- Roles and responsibilities for managing risks
- Guidelines on the risk assessment process
- Possible response to identified risks
- Templates for documenting and reporting risks

MANAGING UNCERTAINTIES

RISK IDENTIFICATION AND MITIGATION

We have identified risks associated with our business, on several fronts and have formulated policies to categorically deal with each of them. On an ongoing basis, we keep track of them, whether they emanate from the business aspects or the legal and regulatory environment and have our arsenal in place to tackle them.

COMMODITY PRICE RISKS

Our revenues are directly linked with the global market for our products essentially, Zinc and Lead which are priced with reference to LME prices and Silver to LBMA (London Bullion Metal Association) prices. Any adverse fluctuation in prices could impact our business performance.

We aim to achieve the average LME prices for a month or for a year. Nevertheless, the average realised prices may not necessarily reflect the LME price movements because of a variety of reasons, including uneven sales during the period. Any fluctuation in the prices of the metals that we produce and sell will have a direct impact upon the profitability of our business. As a general policy, we aim to sell our products at prevailing market prices.

Hedging activity in commodities is undertaken on a strategic basis to a limited degree and is subject to both strict limits laid down by our Board and strictly defined internal controls and monitoring mechanisms. Decisions relating to hedging of commodities are approved by the Executive Committee with clearly laid down guidelines for their implementation.

POLITICAL, LEGAL, ECONOMIC AND REGULATORY RISKS

Changes in the Government policies such as changes in royalty mechanism, reduction in assistance given by Government for exports and reduction or curtailment of duty & tax benefits available may hamper results and growth. Moreover, any downturn in overall health of the economy or any political/ regional instability may impact business operations.

We strive to maintain a harmonious relationship with all governmental bodies and actively monitor development in political, regulatory, fiscal and other areas which may have a bearing on our business. We perform thorough risk assessment to review the risks and ensure that they have been properly identified and managed.

RESERVES AND RESOURCES RISK

Our future profitability and operating margins depend on our ability to access mineral reserves that have geological characteristics enabling mining at competitive costs.

Replacement reserves may not be available when required, or, if available, may not be of a quality capable of being mined at costs comparable to the existing or exhausting mines. Moreover, these estimates are subject to numerous uncertainties inherent in estimating quantities of reserves and could vary in the future as a result of actual exploration and production results, depletion, new information on geology and fluctuations in production, operating and other costs and economic parameters such as metal prices, smelter treatment charges and exchange rates, many of which are beyond our control.

We continue to access our mineable reserves and resources using the latest available techniques. We engage the services of independent experts normally once every year to ascertain and verify the quantum of reserves and resources including ore grade and other geological characteristics. Our technical team continuously keeps monitoring the mineralogy of our future mineable resources and back it up with required technological inputs to address any adverse changes.

EXECUTION RISK

Our current and future projects may be significantly delayed by failures to receive regulatory approvals or renewal of approvals in a timely manner, technical difficulties, human resource, technological and other resource constraints; resulting in significant cost overruns and significant delay.

We continue to invest in ensuring the best in class human resources to maintain our track record of completing large projects on time and within budgeted cost. We also have rigorous monitoring systems in place to track the progress of projects and over time have developed skills to overcome challenges.

INSURANCE RISK

Productive assets in use in mining and smelting operations and the associated power plants may face break downs in the normal course of operations or due to abnormal events such as fire, explosion, environmental hazards or other natural calamities. Consequently, our insurance coverage may not cover all kinds of claims.

We regularly carry out extensive review on the adequacy of our insurance coverage by engaging consultants and specialists to decide on the optimal levels of insurance coverage typical of our industry.

SAFETY, HEALTH AND ENVIRONMENT RISKS

We are engaged in mining activities which are inherently hazardous and any accident or explosion may cause personal injury or death, property damage or environmental damage at or to its mines, smelters, refineries or related facilities and also to communities that live near the mines and plants. Such incidents may not only result in expensive litigation, damage claims and penalties but also cause loss of goodwill.

We accord very high priority to safety, health and environment issues and these are regularly monitored and reviewed by the senior management team. Simultaneously, we continue to invest on training our people on these matters besides time to time interventions for improvement by the experts. We also have audits by independent and reputed agencies.

OPERATIONAL RISKS

Disruptions in mining and production due to equipment failures, unexpected maintenance problems and other interruptions, non-availability of raw materials of appropriate price, quantity and quality for our energy requirements, disruptions to or increased cost of transport services or strikes and industrial actions or disputes.

While many of these risks are beyond our control, we have adequate and competent experience in such areas and we have

MANAGING UNCERTAINTIES

RISK IDENTIFICATION AND MITIGATION

consistently demonstrated our ability to manage these problems proactively. It is our policy to realise market prices for our commodities and therefore the profitability of our operations is dependent upon our ability to produce metals at a low cost which in turn is a factor of our commercial and operational efficiencies and higher throughput. Prices of many of our input materials are influenced by a variety of factors including demand and supply as well as inflation. Increase in the cost of such input materials would adversely impact our competitiveness. We have consistently demonstrated our ability to manage our costs. We have a strong commercial function and we identify the best opportunities for cost reduction and quickly implement them. We are highly focused on costs and volumes. All operational and cost efficiencies are discussed and reviewed regularly.

CURRENCY RISKS

Our exposure to the currency markets comes from the US dollar determined pricing of Zinc, Lead and Silver. Appreciation of the Indian rupee vis-à-vis the US dollar can adversely affect our revenues. Currency exposures also exist in the nature of capital expenditure and services denominated in currencies other than the Indian rupee.

We have review and control mechanisms in place to mitigate this risk which are reviewed periodically. Foreign currency exposures are managed through a hedging policy, as per which, we do not keep our net exposure open and do not hedge our net receivable. The policy is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

FINANCIAL RISKS

Like any large and complex business, our operations are also prone to financial risks. If the financial policies are not designed well or not implemented rigorously, this could lead to control breakdown and impact our profitability, growth and image.

Our core philosophy in treasury management revolves around three main pillars, namely (a) capital protection, (b) liquidity maintenance and (c) yield maximisation. Day-to-day treasury operations are managed by our finance teams within the framework of the overall treasury policies. We have a strong internal control system including segregation of front office and back office functions with a separate reporting structure. We have a strong system of internal control which enables effective monitoring of adherence to our policies. The internal control measures are effectively supplemented by regular management assurance audits. We do not purchase or issue derivative financial instruments for trading or speculative purposes and neither do we enter into complex derivative transactions to manage our treasury and commodity risks. Derivative transactions in both treasury and commodities are normally in the form of forward contracts and interest rate swaps and currency swaps, which are subject to strict guidelines and policies. The conservative financial policies have enabled us to minimise, wherever possible, the negative impact of the recent global recession.

COUNTERPARTY RISKS

Cash and high quality liquid investments are held primarily in debt mutual funds and banks with high credit ratings. Emphasis is given to the security of investments. Limits are defined for exposure to individual counterparties in the case of mutual fund houses and banks.

We have clearly defined policies to mitigate counterparty risks. We also review the underlying investment portfolio of mutual fund houses to ensure that indirect exposures or latent exposures are minimised. The investment portfolio is monthly, it is reviewed by external agency i.e. CRISIL (subsidiary of S&P). A large majority of receivables due from third parties are secured either as advance receipt of money or by use of trade financial instruments such as letters of credit or bank guarantees. Our history of the collection of trade receivables shows a negligible provision for bad and doubtful debts. Therefore, we do not expect any material risk on account of non-performance by any of the counterparties.

PEOPLE RISK

People are one of our key assets and we derive our strength to maintain our competitive position from our people. Therefore, people in general and key personnel in particular leaving the organisation is a risk. Additionally, our inability to recruit and retain good talent could adversely affect us.

Our vision is to build a fast, flexible and flat organisation with world class capabilities and a high performance culture. We believe in nurturing leaders from within and providing opportunities for growth across all levels. We have robust processes and systems in place for leadership development, training and growth to deliver value to the organisation and society. We provide superior rewards for outstanding performance. We actively communicate and enter into dialogue with our workforce and believe in maintaining a positive atmosphere by being proactive with respect to resolution of labour issues. We usually enter into long term settlement with the trade unions.

INTERNAL CONTROLS

We have effective and adequate internal audit and control systems, commensurate with the size of our business. Regular internal audit visits to the operations are undertaken to ensure that high standards of internal control measures are maintained at each level. These consist of comprehensive internal and statutory audits which are conducted by audit firms of international repute. Independence of the audit and compliance function is ensured by direct reporting to the Audit Committee of the Board. Details on the composition and functions of the Audit Committee can be found in the chapter on Corporate Governance of the Annual Report.

CAUTIONARY STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements 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 these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear 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.

LOOKING AHEAD WITH **CONFIDENCE**

Yes. This is the crux of Mahaveer Prasad Khati's perspective on life today.

He is a small farmer of Khatikheda village of Bhilwara District of Rajasthan. Conditions were not always the same. A small farmer with 1.5 hectare agricultural land, Mahaveer and his wife are dependent on agriculture for their livelihood. Obstacles are multiple: small farm size, erratic rainfall, obsolete agricultural practices and lack of irrigation water. The consequence: low crop yield and looming uncertainties.

However, change came in the form of HZL's interventions. The organization has taken up several agricultural initiatives to improve farm productivity, such as enhanced agriculture and water conservation project with Bhartiya Agro Industries Foundation (BAIF) - Rajasthan Rural Institute of Development Management (RRIDMA). Mahaveer is candid about the way HZL's interventions brought prosperity in his life.

"HZL and BAIF-RRIDMA surveyed my farm and suggested that I undertake organic farming with modern agricultural techniques. They provided me with 40 guava and 40 lemon saplings for orchard development. However, water scarcity was a matter of considerable concern. To mitigate this problem we used pot technique for irrigation.

This technique facilitated proper irrigation. Now these plants are a year old and expected to bear fruits from the next year. In the same land where I planted these saplings, I adopted multiple cropping. During my training, I came to know that cash crop cultivation with micro irrigation is more profitable.

HZL with the help of 'District Agriculture Department' installed drip irrigation system in my farm. As a result I reaped four times more cotton this year as compared to previous, thanks to this farm technique.

This is not all. I sowed wheat and maize in the same land and produced nine quintals maize and 16 quintals wheat. Now I can look forward to growing three crops annually. Besides, livestock development will supplement my income."

Today, Mahaveer's story is inspiring other farmers to follow his example.

RESPONSIBLE BUSINESS

At the heart of our enterprise, is our consciousness towards Health, Safety and Environment (HSE).
We give top priority to these three aspects in our intrinsically hazardous business. HSE consciousness permeates every facet of our functioning; it is indispensable for sustaining our business

Our efforts are built around three pillars

HEALTH

Eliminate occupational illnesses and diseases

SAFETY

Provide a safe workplace

ENVIRONMENT

Minimum harm to environment by conserving natural resources through efficient use

To increase focus on different aspects of HSE, we have adopted the following policies:

HSE Policy, Biodiversity Policy, Energy and Carbon Policy and Water Management Policy

Our HSE policy governs the Company's operations with direct focus on reducing the related Health, Safety and Environment risks. The key objectives of our HSE policy are:

- Comply with applicable national, regional and local HSE regulations and statutory obligations and other requirements as appropriate. We will develop, implement and maintain HSE management systems aligned with our commitments and beliefs and consistent with world-class standards. We will drive continuous improvement in HSE through setting and reviewing targets, assessing and reporting HSE performance, using appropriate best available practices and providing all employees with appropriate training;
- Prevent injury and ill health to employees and contractors by providing a safe and healthy working environment and by minimising risks associated with occupational hazards;
- Improve and enhance environmental conditions and avoid, reduce or mitigate the environmental impacts to neighbouring communities in areas that we operate including air and water emissions and noise;
- Conserve natural resources, through adopting environmentally friendly and energy efficient technology and process improvements. We are committed to managing waste from our operations and we will adopt the principles of waste avoidance, reuse, recycling and beneficial utilisation to minimise discharge and disposal to the environment;
- Promote a positive HSE culture within our organisation through effective communication, participation and consultation with employees in the workplace;
- Implement regular health surveillance and risk-based monitoring of employees;
- Influence our contractors and suppliers to adopt principles and practices embraced by us and in accordance with our own policies;
- Communicate with all our stakeholders on the progress and performance of HSE management.

APEX OCCUPATIONAL HEALTH & SAFETY COMMITTEE AND SUSTAINABILITY COMMITTEE

In order to ensure concentrated drive on 'Occupational Health & Safety' and 'Sustainability', the existing Apex HSE Committee has been reconstituted as:

- Apex OH&S Committee: to focus on occupational health and safety
- Sustainability Committee: to drive sustainability (Environment and Social aspects including Community & Stakeholders relationships).

The role of these committees is to support and advise the Company to meet its sustainability responsibilities in relation to matters arising out of the activities and operations of the Company and to achieve excellence in sustainability performance. These committees meet four times a year and are chaired by the CEO. The committees have representation from various functions including operations, projects, commercial, human resources, finance and HSE.

RESPONSIBLE BUSINESS

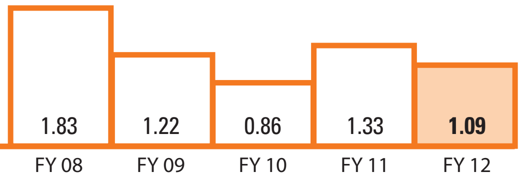
SAFETY AND HEALTH

SAFETY

We believe we can be a business without fatalities, serious injuries or occupational illnesses; and firmly consider that every safety incident is preventable. The prevention of death, injury and ill-health is our paramount priority. Our primary health and safety goal is 'Zero Harm' to people.

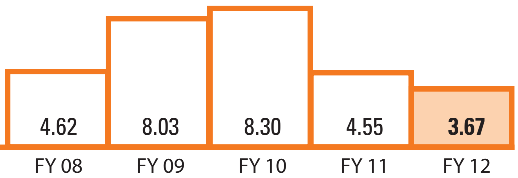
SMELTERS LTIFR

LOST TIME INJURIES PER MILLION MAN-HOURS WORKED



MINES LTIFR

LOST TIME INJURIES PER MILLION MAN-HOURS WORKED



*ALL DATA ARE AS PER ICMM GUIDELINES

PERFORMANCE

In FY 2012, Lost Time Injuries Frequency Rate (LTIFR) reduced significantly due to our resolute focus on safety at mines and smelters. To bring in global benchmarking this year, we have revised our 'Injuries Frequency Rate index' for evaluating the safety performance by adopting International Council on Mining and Metals (ICMM) guidelines. The adopted guidelines have introduced new safety terms such as medical treatment injury and restricted work injury; and also revised the calculation of LTIFR. LTIFR at smelters has reduced from 1.83 in FY 2008 to 1.09 in FY 2012, indicating a reduction of 40%. Our ongoing safety improvements have brought the safety performance at our smelters at par with the other world-class smelters.

We have a very strong focus on safety at mines as mining activities and mineral processing require the management of significant hazards, including controlling rock strata, operating high voltage equipment, heavy machinery and large mobile equipment, working underground/at height/in confined spaces and using explosives and chemicals in pressurised vessels. Due to sustained efforts and systematic approach towards safety, the LTIFR at mines has reduced from 4.62 in FY 2008 to 3.67 in FY 2012, indicating a decrease of 20.5%.

Despite our continued efforts towards safety improvement, we unfortunately had seven fatalities during the year. Two of these were our own employees and the remaining five were contract employees. As a preventive measure the Company has critically reviewed the safety systems and laid down suitable measures to avoid such incidents in the future. To bring in accountability, disciplinary action has been taken against the people responsible for the mishaps.

Strong rescue and recovery operations

OCCUPATIONAL HEALTH

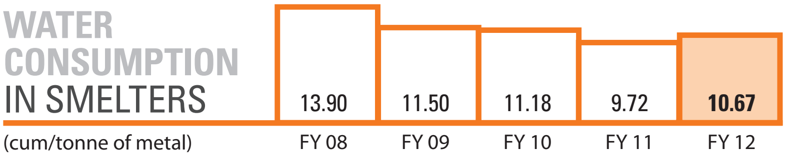
It is our constant endeavour to provide a workplace free from occupational health risks and hygiene hazards. Occupational health experts are present across all mines and smelters for regular health examination of employees and contract employees. Specific examination like blood lead test, audiometric tests, spriometry test, ECG and chest X-rays are carried out.

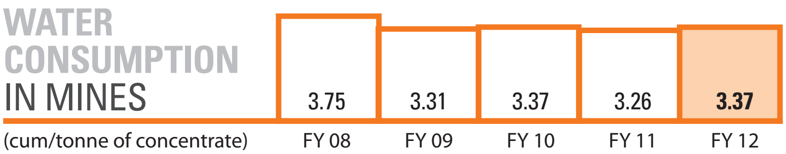
The health of our workforce is monitored by our internal system that ensures periodic medical examinations. During the year, more than 9,046 employees including contract employees have undergone periodic medical examination. 37 cases of mild noise induced hearing loss were reported during the year.

Striving for a zero-harm workplace

ENVIRONMENT

Our vision for safeguarding our environment defines our commitment – to be a world class Zinc-Lead and Silver producer, by developing technology to maximise extraction of all metals and at the same time, operate responsibly with least footprints for water, carbon, land and hazardous wastes and by caring for people and bio-diversity around our operations.





WATER

In order to increase the efficiency of water usage, we have implemented about 51 of the many in-house identified projects with several others under different stages of implementation. To further strengthen our efforts, a comprehensive water and effluent stream mapping is underway at Chanderiya and Dariba, which is expected to identify newer options to reduce fresh water consumption through effective reuse and recycle of effluent streams. Further, we have undertaken a sewage water recycling project aiming to treat and recycle the sewage from Udaipur city for use as a source of water for our operations.

As a testimony to our efforts to reduce fresh water consumption, the specific water consumption at smelters has reduced by over 23% over last four years. Specific water consumption at mines has reduced by about 10% over last four years.

MAIN INITIATIVES, FY 2012

- An existing unlined storm water pond of about 300,000 cu. m capacity has been provided with a High Density Polyethylene [HDPE] lining at Chanderiya Lead Zinc Smelter to increase the harvest rain water availability for reuse in plant
- Increase in the recycling of tailing pond water as a substitute to fresh water at mines
- Installation of adiabatic cooling tower at Dariba Smelter Complex (DSC) is in progress, that has a potential to reduce fresh water consumption by 2,000 cu. m/day as compared to the traditional cooling towers
- A new Multiple Effect Evaporator of capacity 600 cu. m/day is commissioned at DSC to treat RO plant reject to recover water from the same
- To reduce evaporation losses of water from tailing dams at Agucha, a new deep cone thickener was commissioned that reduces water in the tailing slurry disposed to tailing dam

Water sustainability through reuse from tailing dams

ENERGY

We are focused on efficient use of energy which is one of the most critical resources today. Our energy sources include Coal, Fuel Oil, High Speed Diesel, LPG, Propane and Grid power. Reducing energy consumption in all forms is an integral part of our business strategy that focuses on reducing our carbon footprint. While we focus on adopting the best available technology for resource and energy utilisation, we constantly focus on energy consumption reduction through various in-process innovations and adopting best practices. We also focus on improving machine productivity and throughput that largely contributes to reduction in specific energy consumption.

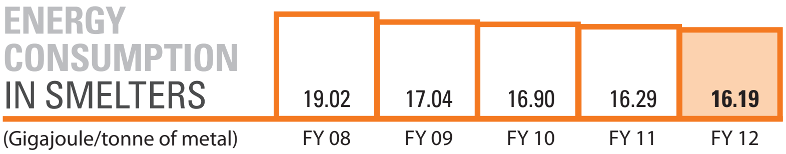
Our constant efforts over the last four years have resulted in reduction of specific energy consumption at smelters. However, the specific energy consumption at mines has increased due to higher excavation and recently commissioned projects.

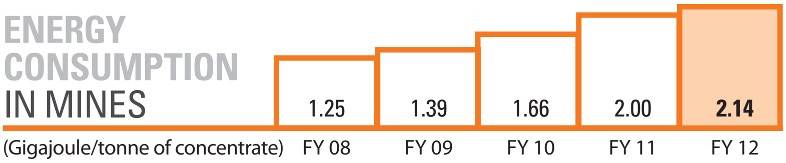
At smelters, the specific energy consumption has reduced by about 15% over last four years.

MULTIPLE EFFECT EVAPORATORS AT DARIBA SMELTING COMPLEX FOR SUSTAINABLE WATER USE

Earlier RO rejects at DSC were being solar evaporated through sprinkling to achieve zero discharge. Now, in order to recover water from effluent streams, the RO rejects are treated through a 'Multiple Effect Evaporator' that effectively recovers all water in the effluent stream, leaving behind the dissolved salts.

This facility has ensured conservation of about 600 cu. m/ day of water, thereby further improving the environmental performance of the plant.





ENVIRONMENT

MANAGING CLIMATE CHANGE

We believe that climate change is inevitable and we subscribe to the regional action for adapting to climate change. As a responsible corporate entity, we measure our carbon foot print and constantly focus on reducing the same. Till date, we have undertaken 12 CDM projects in relation to our waste-heat recovery and wind power projects, with a total CER (Certified Emission Reduction) potential of 612,609.

In FY 2012, we have initiated the following steps towards reduction of carbon foot print:

- Railway line project of 17 km and 19 km at RAM and RDM to maximise ore/finished goods transportation through rail instead of road
- Assessment of use of pure oxygen for roasting as against air, to increase waste heat recovery and throughput in Roasters
- Use of 240 MT dumpers (HEMM) at RAM

Climate change has brought in a new business opportunity for our Company in the form of a foray into wind power generation. This year we have successfully added another 102 MW to our existing 171 MW wind power generation capacity, making us one of the largest wind power producers in India.

During the year, 215,824 CERs were verified. We have sold 150,963 CERs generating revenues of ₹ 8.34 Crores. We have been voluntarily filing Carbon Disclosure Project (CDP) responses over the years as a proactive step towards reporting our carbon footprint. This year too we have filed CDP 9 response.

WASTE

Our operations result in the generation of various types of hazardous/non-hazardous waste including, mine overburden, tailings, slag, red mud, Jarosite, fly-ash, bottom ash, used and waste oil and other waste from smelters.

We aim to reduce the quantity and toxicity of our waste, find opportunities for environment-friendly recycle/reuse of wastes and to continue to ensure our remaining wastes are managed and disposed of in a safe and environmentally responsible manner. This year around 333,872 MT (100% of generation) of Fly ash and about 30,354 MT of ISF slag has been reused for cement manufacturing. This has helped us in reducing our waste inventories and conserving natural resources by replacing the virgin material at the other end where it is gainfully utilised.

We have adopted the technology of converting the hazardous waste Jarosite from Zinc smelters to a stable material called Jarofix, wherein the hazardous constituents of Jarosite are fixed using Lime and Cement. The stabilised Jarofix is stored in lined yards for future use.

We have undertaken extensive research in developing gainful utilisation of Jarosite and Jarofix, in collaboration with reputed research institutes like the National Council for Cement and Building Materials (NCB), Central Road Research Institute (CRRI), New Delhi and National Environment Engineering Research Institute (NEERI), Nagpur. Various feasibility studies conducted for establishing suitability of Jarosite in cement manufacturing have shown positive results. Evaluation is presently underway with few cement companies for use of Jarosite and Jarofix in cement manufacturing. Further, a developmental project for utilisation of Jarofix in road construction in underway jointly with NEERI and a 200 m stretch of a highway has been constructed using Jarofix. After evaluation for two monsoons during 2010 and 2011, the results have been encouraging;

this could pave way for large scale utilisation of Jarofix in road construction. We are pursuing with the National Highways Authority of India (NHAI) for utilisation of Jarofix in the proposed Jaipur - Ahmedabad six-lane highway project

BIODIVERSITY

Over the years, we have planted 1.25 Million plants across our operating locations. We continue to further improve the density and greenbelt coverage.

We recognise the importance of protecting local ecosystems and biodiversity. We strive to mitigate the adverse impact of our operations through afforestation and greenbelt development. We have completed a systematic biodiversity study through a third party expert, in and around Chanderiya smelter, to evaluate the bio-diversity index within the factory premises, the undisturbed forest area (Chittorgarh Fort) and villages within 10 km from the factory area. As per the outcome of the study, a biodiversity management plan shall be developed and implemented, to effectively increase the bio-diversity index of the region where we operate. It is proposed to conduct similar studies around our operating plants and focus our afforestation programme towards improving the bio-diversity index of the Company.

CASE STUDIES

Chemical spray on old Jarofix mound for dust suppression

In order to contain fugitive dust generation from old Jarofix mound, a chemical spray was done so as to suppress the dust emissions. The chemical is of organic nature and has no adverse impact on the surroundings. This initiative is expected to reduce dust emission by 80%.

Waste Dump Stabilization - Innovative Techniques

The waste dump, where overburden from open cast mine is stacked, causes environmental issues including fugitive dust generation through blowing wind, soil erosion due to rainfall and visual impact. To contain this, proper stabilization with vegetation/other cover is required. Growth of vegetation on barren dump is a challenge in the dry climatic condition. At Rampura Agucha Mine, an innovative initiative was taken on pilot scale to cover the barren waste dump. Use of geo-textiles/soil saver on waste dump slopes for stabilisation and improved greenery: Around 12,000 sq. m surface area of waste dump slope was levelled and covered by geo- textiles with vetiver plantation. Soil conditioner at the rate of 150 gm/sq. m was applied to the soil. Vetiver grass tilling was sown at the rate of 5 no. /sq. m. vetiver tilling. After one month of regular watering, vetiver grass grew.

Seed sowing and seed spray over the waste dump slopes: Approximately 1 tonne of seed has been spayed over the slopes throughout the periphery of the mine and on the stabilized slopes during the rains. A soil cover has been provided to the seeds thrown on the slopes for survival, which has resulted in good grass cover.

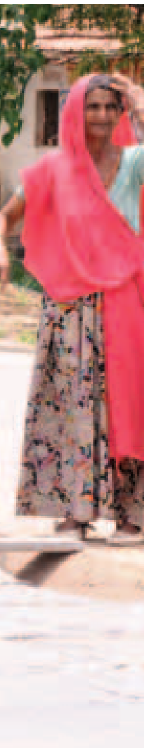
SOCIAL EQUITY

At HZL, we have a strong sentiment for bettering lives wherever we go. We endeavour to bring about social parity through our various activities.

The call of fulfilling our Corporate Social Responsibility (CSR) has been taken very seriously by us – we accord it is as much significance as any business project and the results are there for everyone to see. Dedicated need-based interventions are initiated in areas where we operate.

Enabling local people by fostering self-reliance is the motive behind our community development efforts. Therefore, our interventions are structured around promoting education, generating livelihood , offering vocational trainings, planning integrated village development, empowering women and overall, social mobility.

Our community development approach is based on a very pragmatic Public-Private-Panchayat-Partnership (4P) model. Our strategy for community engagement is intensive, comprehensive, long-term and sustainable.



We have constructive partnerships with like-minded organisations including governmental agencies, non-governmental organisations (NGOs), local communities and panchayats, for functionalising our community development initiatives. Our community development process involves comprehensive engagement / interactions with the local community and various stakeholders. The data for need assessment and baseline studies is collected through the "Participatory Rural Appraisal" interviews with village heads, sarpanchs, panchayat members, farmers, SHG members and other stakeholders as well as through focused group discussions. Their feedback is used to develop new programmes and improve on the existing ones.

We are proactive members of the United Nations Global Compact, TERI-BCSD and National Population Stabilisation Fund and network with the national bodies including the Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industries (CII), Federation of Indian Mineral Industries (FIMI) and Sustainable Mining Initiative (SMI).

With a strong team of 150 CSR personnel, subject-matter specialists and grass root level functionaries, we have a total outreach of over 350 villages, more than 500,000 people and over 100,000 households, in four districts of Rajasthan (Rajsamand, Bhilwara, Chittorgarh and Udaipur) and one district of Andhra Pradesh (Vizag). We have done intensive interventions in 45 villages of 12 panchayats in Rajsamand district on pilot basis through the 'Integrated Panchayat Development Programme'. Internal reviews and audits of our community interventions are periodically conducted to facilitate transfer of autonomy to the villages, expand our reach and undertake timely corrective measures.

PROJECT	OBJECTIVE	PARTNERS	IMPACT	GOING FORWARD
Integrated Panchayat Development Programme	Holistic development of the identified poverty-stricken villages and improvement of the overall quality of life of the communities through livelihood, health, sanitation, safe drinking water and skill enhancement initiatives	Ministry of Rural Development, Government of India, Panchayat, District Rural Development Agency (DRDA), Zila Parishad, Panchayati Raj Institutions (PRIs), Tech People , Vishwas Sanshtan	Improvement in the overall quality of life in 45 villages of 12 panchayats	Quality of life of 53,155 members of 12,885 families of 45 poverty stricken villages shall be improved

MOUs SIGNED

- ACE (Action for Community Empowerment) for outsourcing field level functionaries
- BAIF (Bharatiya Agro Industries Foundations) for Integrated Agriculture and Livestock Management Programme
- National Rural Livelihood Mission (NRLM) for forming and strengthening 250 Self-Help-Groups (SHGs) in Khamnor block of Rajsamand district
- District administration (Rajsamand) to establish 'Kaushal Vikas Kendra' for creating employability among unemployed youth
- Nagar Parishad (Udaipur) for beautification of 'Udyapole Choraha' in Udaipur

SOCIAL EQUITY

PROJECT SNAPSHOTS

Providing health and sanitation facilities to the remote populace

HEALTH AND HYGIENE

PROJECT	OBJECTIVE	PARTNERS	IMPACT	GOING FORWARD
Sanitation Project	To reduce incidence of diseases arising out of poor sanitation and unhygienic practices	Action for Community Empowerment, Local Community	Constructed 1,200 toilets in identified villages. Reduced incidence of poor sanitation and hygiene related diseases by 80% in targeted villages. Constant endeavour to sustain the system	2,000 low cost toilets in identified operational villages
Vedanta Heart Hospital (Udaipur)	Upgradation of the existing cardiology centre at Udaipur with state-of-the-art Heart Care Centre benefiting the needy population, of southern Rajasthan, suffering from heart ailments	Government of Rajasthan, RNT Medical College- Udaipur, Nous Hospital & Consultants Pvt. Ltd.	Reduced turnaround period for indoor patients. Networked referral with national level health institutions for higher clinical management	Vedanta Heart Hospital will provide all medical facilities related to heart ailments free of cost, to Below Poverty Line (BPL) families

Changing the landscape of rural Rajasthan

AGRICULTURE, WATERSHED AND ANIMAL HUSBANDRY

PROJECT	OBJECTIVE	PARTNERS	IMPACT	GOING FORWARD
Integrated Agriculture & Livestock Development Plan	To increase agricultural productivity and improve livestock health status through targeted interventions	BAIF (Bharatiya Agro Industries Foundations)	4,136 animals artificially inseminated; pregnancy conception in 1,147 cattle; 33,162 cattle benefited through 102 veterinary camps; training provided to 350 farmers; farmers' exposure visit to 200 farmers, reduction in cattle mortality by 30% and 17% improvement in agriculture yield	The project will be implemented in all operational villages ensuring 100% cattle vaccination and farmers training for adopting improved agricultural practices thereby enhancing their farm output and increasing their family income

SOCIAL EQUITY

PROJECT SNAPSHOTS

Holistic development of underprivileged children

EDUCATION

PROJECT	OBJECTIVE	PARTNERS	IMPACT	GOING FORWARD
Mid Day Meal Programme	To improve school enrolment, attendance, retention and nutritional status among Primary and Secondary School underprivileged students	Nandi Foundation, District Administration & Government of Rajasthan (GoR)	Catering to over 180,000 students through six hi-tech centralised kitchens. Overall school attendance went up by 90% (70% among girls) as per a World Bank Study	Setting up 'Organic Waste Management Plants' at the remaining Centralised Hi-tech Kitchens
Vedanta Bal Chetna Anganwadi Project	Holistic development of children (3–6 years) through adoption of Anganwadi Centres for improvement in health, pre-school education and linkage with formal education	GoR, Vedanta Foundation, Integrated Child Development Service (ICDS)	1,500 centres benefitting over 42,000 children. Significant Improvement in nutritional status, overall health indicators and average attendance	Scaling up to an additional 500 Anganwadi Centres in FY 2013
Vedanta Computer Education Project	To achieve benchmark computer education through Computer Aided Learning Programme (CALP) model of GoR in rural Government schools	GoR, Vedanta Foundation, District Education Department & Manipal K12	Benefiting more than 80,000 students in 682 rural Government schools in seven districts. 68% of the students are equipped with basic computer knowledge	Scaling up to additional 2,824 rural schools in FY 2013 on CALP model of GoR with 100% coverage of girls' schools

Empowering nation through empowered women and youth

SUSTAINABLE LIVELIHOOD

PROJECT	OBJECTIVE	PARTNERS	IMPACT	GOING FORWARD
Vocational training to unemployed rural youth	To generate employability among unemployed rural youth through market driven vocational training and ensure 75% employability	Rajasthan Mission on Livelihood, Aid-et-Action, IL&FS, Ministry of Rural Development, Government of India	Imparted training to 1,970 rural youth. More than 80% trained youth are self-employed with a monthly income of ₹ 4,000 to ₹ 8,000	Impart vocational trainings to 1,560 unemployed youth in various market driven trades
Women Empowerment– Training of Self-Help-Groups (SHGs)	Socio-Economic empowerment of rural women by forming and strengthening SHGs and imparting income generation training	Vishwas Sansthan, Centre of the Study of Values, District Rural Development Agency, Women & Child Development Department, Local Non-governmental organisations (NGOs)	Imparted training to 1,070 SHG members in different traits. Through Income Generation trainings, more than 50% of the SHG women are linked with micro enterprise with additional monthly incomes up to ₹ 4,000	Socio-economic empowerment of rural women through SHG model by strengthening the existing SHGs and continue our relentless efforts in developing new SHGs

NO LAND IS **INFERTILE**

Mangi Lal's life was replete with challenges: no agricultural land, no cattle for livelihood, only a 'kuchha' house for his family. An earthen pot maker, he found it hard to make ends meet, due to diminishing demand for earthen pots. His only possession was a small piece of infertile land, with uneven land surface filled with rocks and stones.

Mangilal had no means to make the land fertile. Eventually he hit upon an idea. He decided to meet the CSR team of HZL. Under the 'Improved Agriculture-Horticulture and Water Harvesting' programme run by HZL, in collaboration with BAIF, farmers receive technical and financial support to adopt improved agricultural practices and efficient irrigation methods.

The CSR team linked him with the BAIF project. He found the scattered spaces between the hard rocks and started plantation with the help of BAIF. He was then given 40 lemon seeds, which he sowed in the even land and between hard rocks and stones. In order to irrigate the land, he required drip irrigation. Earlier he used to use defective earthen pots for low-cost traditional drip irrigation.

HZL supported him to set up a 12,000-litre capacity rainwater harvesting structure. This tank water was used as a source of irrigation to make the 'wadi' alive.

Land fertility is not a distant dream today for Mangilal. HZL has helped him transform a barren land of hopelessness to one of hope and security.

A NEW BREEZE OF **EMPOWERMENT**

Myth: Kotdi village is only 15 km from the block headquarters – Railmagra (Rajasthan)

Reality: Lack of literacy and social awareness has forced the women of this village indoors, with the result that they are way below the development index compared to their urban counterparts.

HZL empowered Self-Help-Groups (SHGs) and imparted skill development trainings to ensure a sustainable livelihood for these disadvantaged women. Two years ago, our CSR team met 25 women from Kotdi. 10 of these came forward to form the group after two months of efforts on awareness and confidence building.

They began by opening a bank account with ₹ 1,000 in the nearby Gram Seva Sahkar Samiti Ltd (GSS) Bank. The continued saving regularly for nearly 8 months. Then, in one of their meetings, they explored the possibility of supplying nutritional food to children and pregnant rural women with an 'Anganwadi' worker, also a member. Supplying to the 'Anganwadi' centres seemed a real possibility and HZL supported this initiative. The result: These SHG women became micro-entrepreneurs and increased their earnings to ₹ 3,000 per month.

This empowerment brought not only recognition through praise from the community, but also a sense of pride at being able to do something meaningful. It also inspired others and 3 new SHGs were formed. This marks the beginning of a social transformation – where poor, illiterate village women are demonstrating their true mettle to the world.

BOARD OF DIRECTORS

MR. AGNIVESH AGARWAL

CHAIRMAN

Appointed with effect from 15th November 2005. Mr. Agarwal is an eminent industrialist with a rich knowledge of business operations, an extensive experience in efficiently managing large projects, business restructuring and strategies. Over the years he has successfully developed excellent commercial knowledge with hands-on experience. He is also the Director of The Madras Aluminium Company Ltd. (MALCO), Sterlite Iron and Steel Company Ltd, Sterlite Energy Limited, Agarwal Galvanizing Pvt. Ltd., Sterlite Display Technologies Pvt. Ltd., Twinstar Overseas Limited, Twinstar Infrastructure Limited and Twinstar Investment Limited. Mr. Agarwal's academic credentials comprise graduation in commerce from Sydhenam College, Mumbai.

MR. NAVIN AGARWAL

DIRECTOR

Appointed to our Board of Directors on April 11, 2002. Mr. Agarwal has an experience that spans over 21 years in strategic and operational management. He has been the key driver behind our growth story. He is the Chairman of Cairn India Limited, Konkola Copper Mines, Bharat Aluminium Co. Limited and the Madras Aluminium Co. Ltd.; Executive Vice Chairman of Sterlite Industries (India) Ltd. and Director of Sterlite Iron and Steel Company Limited, Vedanta Aluminium Limited, Hare Krishna Packaging Pvt. Ltd., Vedanta Resources Holdings Limited and Vedanta Resources Investment Limited. His academic achievements include a Bachelor of Commerce degree from Sydenham College, Mumbai and successful completion of Owner/President Management Program at Harvard University.

MR. AKHILESH JOSHI

CHIEF EXECUTIVE OFFICER AND WHOLE-TIME DIRECTOR

Appointed with effect from 1st February 2012. Earlier, he was appointed on the Board with effect from 21st October 2008 as the Chief Operating Officer and Whole-time Director. He joined the Company in 1976. Prior to becoming the Chief Operating Officer of Hindustan Zinc, he was Senior Vice President (Mines), responsible for managing the overall operations of all mining units. Mr. Joshi has a mining engineering degree from MBM Engineering College, Jodhpur and a post graduate diploma in economic evaluation of mining projects from School of Mines of Paris. He also has a first class Mine Manager Certificate of Competency. He is the recipient of the prestigious National Mineral Award (GOI) in 2006 for his outstanding contribution in the field of Mining Technology. He is also the Director of Madanpur South Coal Company Limited.

MR. A. R. NARAYANASWAMY
DIRECTOR

Appointed on the Board with effect from 30th March 2009. He is a member of The Institute of Chartered Accountants of India and has an extensive experience in the mining industry. He is also on the Board of Sterlite Industries (India) Ltd, Sterlite Technology Limited, IBIS Softec Solutions (P) Ltd, IBIS Logistics (P) Ltd and IBIS Systems & Solutions (P) Ltd.

MS. ANJALI ANAND SRIVASTAVA
DIRECTOR

Appointed on the Board with effect from January 10, 2011. Ms. Srivastava is an Indian audit and accounts service officer presently holding the post of Joint Secretary and Financial Advisor in the Ministry of Coal. In addition to above, she is Joint Secretary & Financial Advisor of the Ministry of Mines and Ministry of Youth Affairs & Sports. She is also the Director of Coal India Limited, Hindustan Copper Limited and Bharat Aluminium Company Ltd.

MR. R.K. MALHOTRA
DIRECTOR

Appointed on the Board with effect from 27th October 2010. Mr. Malhotra is an IAS (Indian Administrative Service) officer and presently holds the post of Director, Government of India, Ministry of Mines, New Delhi. He is also on the Board of Bharat Gold Mines Limited and Bharat Aluminium Co. Limited.

MS. SHAUKAT ARA TIRMIZI
DIRECTOR

Appointed on the Board with effect from 25th October, 2011. Ms. Shaukat Ara Tirmizi is a M.A. and M.B.A. (University of Slovenia, Europe) with specialization in Finance. She is a retired advisor (Finance) from Department of Telecom, Government of India, Ministry of Communication and Information Technology.

MR. RAJIB SEKHAR SAHOO
DIRECTOR

Appointed on the Board with effect from 25th October, 2011. Mr. Sahoo is a practicing Chartered Accountant, promoter and principal partner of SRB & Associates, Bhubaneswar. He is also on the Board of NTPC Limited, Tehri Hydro Development Corporation India Limited and Bank of Baroda. He is a member of Task Force on MoU Department of Public Enterprise Government of India for the year FY 2012 and FY 2013. He is a member of Sri Jagannath Temple Managing Committee, Puri and Independent Trustee of Odisha Urban Infrastructure Development Fund (OUIDF) appointed by Government of Odisha. He is also a member of Fee Structure Committee for Professional Educational Institutions of Odisha appointed as per the direction of Supreme Court of India chaired by a Retired High Court Judge since 2007. He is the treasurer of The Indus Entrepreneur (TIE), headquartered in Silicon Valley, USA.

DIRECTORS' REPORT

OUR BEST-IN-CLASS ASSETS, WHICH INCLUDE OUR HUMAN TALENT, CONTINUE TO DRIVE OUR LONG-TERM SUSTAINABLE GROWTH.

WITH THE CONTINUED STRENGTHENING OF OUR DIVERSE PORTFOLIO, WE ARE LOOKING FORWARD TO A HIGHER VELOCITY GROWTH.

Dear Members,

The Directors have pleasure in presenting the 46th Annual Report together with the Audited Financial Statements for the financial year ended March 31, 2012.

FINANCIAL RESULTS AND DIVIDEND

(₹ Crores)

	FY2012	FY2011
Total Revenue (including Other Income)	12,948.14	10,905.19
Profit before depreciation, interest and tax	7,569.16	6,452.57
Less: Interest	13.95	18.28
Less: Depreciation	610.67	474.74
Profit before tax	6,944.54	5,959.55
Less: Taxation	(1,418.50)	(1,059.06)
Net Profit for the year	5,526.04	4,900.49
Earnings per equity share	13.08	11.60

DIVIDEND

The Board of Directors has recommended a final dividend of 45%, i.e., ₹ 0.90 per share on equity share of ₹ 2.00 each. This takes the total dividend for FY2012 to 120%, i.e., ₹ 2.40 per share, which is the highest ever dividend proposed by the Company. The total outgo on account of dividend including tax on dividend will be ₹ 1,179 Crores during FY2012 as compared to ₹ 491 Crores in FY2011.

PERFORMANCE REVIEW

We reported revenues and PBDIT of ₹ 11,405 Crores and ₹ 7,569 Crores; up 14% and 17% compared to FY2011. Strong volume growth, operational efficiencies and improved price realisation for Silver drove this growth.

This year overall mined metal production was 830,432 tonnes compared to 840,053 tonnes in the previous year. The marginal decline was due to a temporary decline in ore grade at Rampura Agucha mine, partially offset by higher metal recoveries across all mines and increased production at Sindesar Khurd mine, which ramped-up to 80% utilisation in Q4 FY2012.

Refined Zinc production this year was 758,716 tonnes– up 6% compared to FY2011. This was primarily on account of higher utilisation of new generation smelters in Rajasthan, partially offset by ramp-down of Vizag smelter during the fourth quarter. We performed extremely well in refined Lead and Silver production, which is the highest ever at 98,724 tonnes and 242 tonnes – up 56% and 35% respectively. Production of refined Lead and Silver was boosted significantly by the ramp up of Sindesar Khurd mine and commissioning & ramp-up of Dariba Lead smelter and the new Silver refinery.

To add to our performance metrics, our captive power plants too increased generation by 21% to 3,401.7 Million units, compared to FY2011. Our wind power generation capacity went up from 171MW to 274MW and its power generation was up 67% at 335.7 Million units, compared to FY2011.

SUCCESS IN EXPLORATION

Driving our growth, be it in the past, present or future, is the expansion of reserves and resources. For this, we are continuously pursuing brownfield and greenfield exploration. We have added 27.10 Million tonnes to our reserves and resources this year, prior to a depletion of 8.04 Million tonnes during the period. In the same vein, our contained net Zinc-Lead metal has increased by 1.2 Million tonnes, prior to a depletion of 0.83 Million tonnes during the period. Contained net Silver has increased to 912 Million ounces from 885 Million ounces last year. Total reserves and resources at March 31, 2012 were 332.30 Million tonnes containing 35 Million tonnes of Zinc-Lead metal and 912 Million ounces of Silver.

RENEWAL OF ZAWAR LEASE

The renewal of the mining lease for Zawar group of mines was applied on November 25, 2008. As a part of the mining lease was falling on the forest land, approval from the Forest department for diversion of the land was required. In view of the honourable Supreme Court's order dated February 19, 2010, regarding mining in Aravali Hills of Rajasthan, forest clearance was kept pending. Company had represented the matter at various forums and also filed a writ in the Supreme Court. The Forest Advisory Committee (FAC) has already submitted its recommendation to the Supreme Court. All other approvals, as are required for renewal of the mining lease, are in place. Now the matter is pending in the Supreme Court, awaiting final hearing.

SALES

The Zinc metal sales in the domestic market during the year were 438,171 tonnes, while export sales accounted for 320,328 tonnes. Lead metal sales in the domestic market during the year were 74,713 tonnes, with the export sales accounting for 16,988 tonnes.

FINANCIAL PERFORMANCE

The Company reported net profits of ₹ 5,526 Crores during the year, up 13% compared to the previous year. This was primarily on account of higher sales volumes, improved price realisations for Silver, rupee depreciation, higher investment income and enhanced operational efficiencies.

The Company's financial performance has been discussed in detail in 'Management Discussion and Analysis' which forms a part of this Annual Report.

PROJECTS

Our well thought-out rollouts have imparted a new growth momentum to our enterprise:

> Ramped-up Sindesar Khurd mine to 2.0 mtpa capacity
> Commissioned the 100 ktpa Lead smelter at Dariba, increasing Lead production capacity to 185 ktpa
> Commissioned the new Silver refinery, increasing Silver refining capacity to over 500 tpa
> Commenced underground mine development work at Rampura Agucha mine and greenfield Kayar mine
> Commissioned 102MW expansion in wind power, increasing total wind power generation capacity to around 274MW

CONTRIBUTION TO THE EXCHEQUER

Your Company has contributed ₹ 3,187 Crores in terms of taxes and duties to the exchequer.

DIRECTORS

During the year under review, following changes took place in the Board of Directors of your Company. Mr. Rajib Sekhar Sahoo and Ms Shaukat Ara Tirmizi were appointed as Independent Directors by the Government of India on the Board of the Company w.e.f. October 25, 2011. Mr. Akhilesh Joshi, on completion of his tenure as Chief Operating Officer and Whole-time Director on January 31, 2011 was appointed as Chief Executive Officer and Whole-time Director of the Company w.e.f.

February 1, 2012. Mr. Agnivesh Agarwal and Mr. R K Malhotra retire by rotation and being eligible offer themselves for reappointment at the ensuing Annual General Meeting. None of the retiring Directors hold any shares in the Company. Your Directors recommend their reappointment.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report, which gives a detailed account of operations of your Company and the market in which it operates, including initiatives taken by the Company to expand its business and in areas such as human resources, and risk management, forms a part of this Annual Report.

CORPORATE GOVERNANCE

A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that

i. In the preparation of Annual Financial Statements, applicable accounting standards have been followed along with proper explanation relating to material departures, if any

ii. The Directors have selected such accounting policies and applied them consistently and made judgements and 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 on March 31, 2012 and of the profit of the Company for that year

iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and, for detecting and preventing fraud and other irregularities

iv. The Directors have prepared the Annual Financial Statements, on a 'Going Concern' basis

AUDITORS

Your Company had appointed M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors of the Company for the conduct of audit of Financial Statements for the year ended March 31, 2012. Their term of appointment expires at the conclusion of the forthcoming Annual General Meeting, and being eligible, they offer themselves for reappointment. Your Directors propose their reappointment.

AUDITORS' QUALIFICATION ON FINANCIAL STATEMENTS

Notes to the Financial Statements, as referred to in the Auditors Report are self-explanatory and a practice consistently followed, and therefore do not call for any further comments and explanations.

PARTICULARS OF TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 217 (1) (e) of the Companies Act, 1956 and rules made therein, the particulars of technology absorption and foreign exchange earnings and outgo are given in Annexure I, which is attached and forms a part of this report.

PARTICULARS OF EMPLOYEES

As required by the provisions of Sub-Section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, particulars of the employees are set out in the Annexure to the Directors Report. However, as per provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956 the report and the accounts are being sent to all the shareholders excluding the aforesaid information. Any shareholder, interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company for a copy of the same.

ACKNOWLEDGEMENTS

The Board of Directors places on record its sincere appreciation of the contribution made by the employees and employees' unions in the success of the Company. The Directors also sincerely thank the Central Government and the State Governments of Rajasthan, Andhra Pradesh, Gujarat, Karnataka, Tamil Nadu, Maharashtra, Jharkhand and Uttarakhand; bankers, auditors, vendors, customers and the shareholders of the Company for their continued support.

For and on behalf of the Board of Directors

Akhilesh Joshi	**A R Narayanaswamy**
CEO & Whole-time Director	Director

Place: Mumbai
Date: April 19, 2012

ANNEXURE 1

Particulars of technology absorption and foreign exchange earnings and outgo as per Section 217 (1) (e) of the Companies Act, 1956 and the rules made therein and forming part of the Directors' Report for the year ended March 31, 2012.

A) Conservation of Energy

1. Removal of reaction tank pump motor set by elevating the tank by 3mts at Pyro unit-1 Chanderiya Lead-Zinc Smelter (CLZS)
2. Installation of 110KW Kesher compressor in ZRP to stop the intermediate operation of 395KW process air compressor at compressor house at Pyro unit-1 CLZS
3. Installation of LED lights at Zinc Nagar street light at Pyro unit-1 CLZS
4. Stoppage of one RC pump of TGT plant (presently two pumps are running) at Pyro unit-1 CLZS
5. Replacement of existing fan blade with FRP blades in cooling tower fans at Hydro-1 unit-2 CLZS
6. In Hydro-2, Unit-2 at CLZS, dilution damper and start-up fan damper in roaster closed tightly to restrict false air.
7. In Hydro-2, Unit-2 at CLZS, Pumps in all utilities audited for energy consumption
8. In Hydro-2, Unit-2 at CLZS, CT-5 Pumps modified with higher rating and will be operated one at a time
9. Installation of energy saver for lighting at Dariba Smelting Complex (DSC) , CLZS and Rajpura Dariba Mine
10. Automation of pneumatic screw compressor at DSC
11. Reduction of filter spillage pump (199 A & B) from 45KW to 15KW at Rampura Agucha Mine
12. Installation of variable frequency drives in selected pumps

B) Technology Absorption

a. Specific areas in which R&D was carried out by the Company in FY2012.

1. A process developed to treat waste products together to realise Lead and Silver values. 1000 mt of low-grade Lead concentrate was treated with 250 mt of HGP dust. The additional Lead and Silver production was about 230 mt and 490 Kg respectively, which accounted for a net revenue generation of approx. ₹ 4.0 Crores
2. Flowsheet developed to float Silver from existing Moore cake stack. Plant implementation is in progress. This will produce additional Silver of about 4.2 mt/year.
3. Test campaigns were undertaken for Rampura Agucha and Sindesar Khurd ores using Lead and Silver promoters, supplied from various sources. Selected reagents are being tried in plant for further verification and optimisation to understand the impact of recovery improvement.
4. Bulk flotation feasibility with Sindesar Khurd ore has been established determining the reagent and other process parameter combinations. Improved 4-5% Silver recovery over normal recovery into Lead concentrate was established in close circuit.
5. Rock phosphate quality enhancement campaign was undertaken for Company's Maton operations, where 2 – 3% P_2O_5 quality upgradation was achieved.
6. Cadmium sponge quality for Zinc Smelter Debari was improved by 30% by optimising sponging conditions.
7. Process has been developed and implemented for the reduction of chloride levels by 70% in Zinc Smelter at Dariba.
8. Mineralogical studies and periodic plant audits of the grinding and flotation circuits were conducted to understand mineral liberation/ locking and grain-size status. These have helped in taking suitable control actions and enhance circuit performance.
9. Flotation process responses have been established with different ratio combinations (CS:GMS and difficult-to-respond) of Rajpura Dariba ores. This has provided process parameters to be adopted for desirable plant performance.
10. Silver recovery audit conducted to establish the pyrometallurgical plant performance.
11. Acid suppressants were explored to reduce acid mist in the Zinc cell house in pilot plant trials. This will improve equipment life in cell house.
12. A trial patch is being constructed using Jarofix as filler material in roads/ highways.
13. Plant scale trials at different cement industries are in-progress using Jarosite as part of mineraliser during cement manufacturing.

b. Benefits derived as result of above R&D

1. Direct contribution in Lead and Silver production enhancement by treating Lead-Silver bearing residues and developing unique method of Silver concentrate flotation from old residue dump.
2. Lead and Silver recovery initiatives using alternate reagents in beneficiation plants, Sindesar Khurd ore bulk flotation and audit in smelter.
3. Reduction in cost of production due to lower energy and reagent consumption resulting from process modifications in beneficiation plants through plant audits, mineralogical studies and testing different ore blend ratios.
4. Recovery initiatives of other metals like Lead, Silver, Antimony, Copper and Cobalt.
5. Optimisation of plant operations by improvement in existing processes at concentrators and smelters.
6. Effective utilisation of Jarosite/ Jarofix, a major waste product at Smelter.

c. Future projects for R&D for FY2013

1. Beneficiation evaluation for Maton low grade Rock Phosphate ore.
2. Optimisation of flotation for treating higher proportion Graphite Mica Schist Rajpura Dariba ore.
3. Production of acceptable quality Copper concentrate form Copper slag.
4. Silver recovery enhancement efforts in beneficiation plants.
5. Lead, Zinc and Silver metal recovery from beneficiation plant tailings.
6. New reagents evaluation for flotation.
7. Comminution circuits modeling and simulation for better plant performance.
8. Continuous treatment of waste residues like LGLC and HGP dust.
9. Utilisation of Antimony slag as a replacement of Pot. Antimony Tartarte in purification.
10. Recovery of Antimony metal from Antimony slag.
11. Production of Pot. Antimony Tartarate from Antimony slag.
12. Process development to recover Zinc directly from Zinc concentrate augmenting with existing leaching process.
13. Impurities and minor metal mapping for hydrosmelter.
14. Modeling-simulation studies for smelting operations.
15. Analytical process development for detection of Arsenic , Antimony, Germanium and Tin in neutral solution and subsequent streams.

C) Foreign Exchange Earnings and Outgo

During the year, foreign exchange outgo was ₹ 1,369 Crores (which includes import of capital goods, stores and spares, Consultancy and travelling); while the foreign exchange earned was ₹ 3,570 Crores. The details have been given under item nos. 44 to 46 of notes to financial statements.

FORM 'A'

Form for Disclosure of Particulars With Respect to Conservation of Energy

	Particulars	Unit	Year ended March 31, 2012	Year ended March 31, 2011
A	**Electricity,Power Generation & Fuel consumption**			
	Purchase Units	Million Kwh	139	477
	Total Amount	₹ Cr	85.17	197.01
	Average rate of purchasing	₹/kwh	6.15	4.13
	CPP - Units generated from fuel oil			
	Own Generation Units (From Fuel Oil)	Million Kwh	4	8
	Quantity Consumed			
	LSHS/FO	MT	465	904
	HSD	KL	695	1598
	Total Amount	₹ Cr	4.67	7.19
	Average cost of fuel per Kg	₹/kg	45.13	32.47
	Average cost of generation	₹/kwh	11.52	8.49
	Unit generated per unit of fuel (LSHS/FO/HSD)	kwh/kg	3.92	3.82
	CPP - Units generated from Coal			
	Own Generation Units (From Coal)	Million Kwh	3,372	2,801
	Quantity Consumed			
	Coal	MT	1,690,718	1,388,427
	LDO	KL	1,609	2,278
	Total Amount	₹ Cr	1,053.04	752.42
	Average cost per Kg (Coal)	₹/kg	6.20	5.42
	Average cost per Kg (LDO)	₹/kg	37.92	34.02
	Average cost of generation	₹/kwh	3.33	3.02
	Unit generated per unit of fuel (Coal)	kwh/kg	2.17	2.24
B	**Fuel consumption for Metal Production**			
	(a) L.P.G./Propane			
	Quantity	Million Kg	8.72	9.03
	Total Amount	₹ Cr	41.54	38.83
	Average cost per Kg	₹/Kg	47.62	43.01
	(b) LDO/LSHS/FO			
	Quantity	KL	21,374	17,807
	Total Amount	₹ Cr	79.25	48.82
	Average cost per Ltr	₹/Ltr	37.08	27.41
	(c) Met Coke & Coke breez			
	Quantity	MT	127,686	117,329
	Total Amount	₹ Cr	262.56	225.82
	Average cost per MT	₹/MT	20,563	19,247

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under clause 49 of the Listing agreement with the Bombay Stock Exchange and the National Stock Exchange (India) Limited, the Board members and the Senior Management personnel have confirmed Compliance with the Code of Conduct and ethics for the year ended on 31st March 2012.

For **Hindustan Zinc Limited**

Akhilesh Joshi
CEO & Whole-time Director

Place: Mumbai
Date: April 19, 2012

SECRETARIAL COMPLIANCE REPORT

To,

The Members,

Hindustan Zinc Limited,

Udaipur.

We have examined all relevant records of the Company relating to its compliance with the provisions of Companies Act, 1956 and rules, regulations framed thereunder.

It is the responsibility of the Company to prepare and maintain the relevant necessary records under the aforesaid Acts, Rules and Regulations framed thereunder. Our responsibility is to carry out an examination, on the basis of our professional judgement so as to provide a reasonable assurance of the correctness and completeness of the records for the purpose of report.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of report and have been provided with such records, documents etc. as required by us.

We report that for the financial year ended on 31st March, 2012 the Company has complied with the provisions of Companies Act, 1956 and Rules, Regulations framed thereunder, as given hereunder:

1. Maintained all the statutory registers required under the Companies Act, 1956 ("the Act") and the Rules made thereunder.
2. Filed all the forms and returns and furnished all the necessary particulars to the Registrar of Companies, Rajasthan, as required by the Act.
3. Filed all the quarterly, half-yearly and annual disclosures physically and electronically with the Stock Exchanges and SEBI, as per the applicable clauses of the Listing Agreement (as amended from time to time) and other rules, regulations, bye-laws, etc.
4. Issued all notices required to be given for convening of Board / Committee Meetings and General Meeting, within the time limit prescribed by law.
5. Conducted the Board / Committee Meetings and Annual General Meeting as per the requirement of the Act.
6. Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors / Committee and the Shareholders.
7. The Company closed its Register of Members from 18th June, 2011 to 25th June, 2011 (both days inclusive) during the financial year.
8. The Board of Directors of the Company is duly constituted. The appointment of directors has been made in accordance with the provisions of the Act.
9. Payment of Remuneration to the Directors including sitting fees, commission, etc. in compliance with the provisions of the Act.
10. Filed disclosures as on 31st March, as well as, from the record date fixed for the purpose of declaration of Dividend, as required under Regulation 8(3) of the SEBI Takeover Code.
11. The Company had constituted the Audit Committee as required under section 292A of the Act.
12. Paid dividend to the shareholders within the time limit prescribed and has also transferred the unpaid dividends to the Central Government within the time limit from time to time.
13. Made due disclosure required under the other applicable provisions of the Act.

For **V. M. & ASSOCIATES**
Company Secretaries

Manoj Maheshwari
Partner
FCS: 3355; C P No. : 1971

Place: JAIPUR
Date: April 19, 2012

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance is the application of best management practices, compliance of law and adherence to ethical standards to achieve the Company's objective of enhancing shareholder value and discharging social responsibilities. Adopting high standards gives comfort to all existing and potential stakeholders including government & regulatory authorities, customers, suppliers, bankers, employees and shareholders.

HZL remains resolute in its commitment to conduct business in accordance with the highest ethical standards and sound Corporate Governance practices. The Company strongly believes that good Corporate Governance practices go a long way to achieve the objective of enhancing shareholder value and the interest of all stakeholders.

The Company has set up a three tier governance structure, which helps it in strategic decision making, operations and project implementation:

(i) Strategic Supervision

Overall strategic supervision and control is exercised by the Board of Directors (Board) in laying down strategic goals, review of major expansion projects & capital expenditure and business plan approvals to ensure that the Company is progressing to fulfil growth aspirations;

(ii) Operational Management and Control

Business Management Group comprising of functional heads and unit/plant heads steered by CEO, CFO and ED, handles management and coordination of operations with regular reviews and meetings to seek continuous improvement in the Company's working and to harness its potential.

(iii) Plant/Unit Executive Management

Comprising of unit/ plant management and departmental heads for overall execution and empowered through decentralised decision making.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchanges. HZL has adopted best practices mandated in Clause 49 of the Listing Agreement and has established procedures and systems to be fully compliant with it.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports the Company's compliance with Clause 49.

BOARD OF DIRECTORS

The Board is in a fiduciary position, empowered to oversee the management function with a view to ensure its effectiveness and enhancement of shareholders' value. The Board reviews, approves and monitors the Company's strategic direction and annual business plan and business objectives. Acting as trustees on behalf of the shareholders, the Board ensures that the Company has clear goals relating to shareholders value and growth.

Composition of the Board

As on March 31, 2012 HZL's Board comprised of eight Directors, four of whom are nominee Directors from Government of India. According to the Shareholders' Agreement with the Government of India, the latter can nominate up to five Directors where as the strategic promoters, Sterlite Opportunities and Ventures Limited can nominate up to six Directors to the Board of the Company. The Chairman and Whole-time Director are nominees of Sterlite Opportunities and Ventures Limited. All others are non-executive Directors.

The composition of the Board is in conformity with Clause 49, which stipulates that at least 50 per cent of the Board should consist of non-executive Directors and in case the Chairman is a non-executive Director, at least one-third of the Board should be independent. The Company is also compliant with SEBI circular dated April 8, 2008, which stipulates that at least 50 per cent of the Board should be independent if the Chairman, is either a promoter or related to the promoters or senior management as defined under the Clause 49.

The non-executive Directors are appointed or re-appointed with the approval of the shareholders. All non-executive Directors are liable to retire by rotation unless otherwise approved by the shareholders. One third of the directors who are liable to retire by rotation retires every year and are eligible for re-appointment. According to the terms of the Company's Articles of Association, the strength of the Board shall not be less than three and more than twelve.

Number of Board Meetings

The Board of Directors met five times during the year on April 21, 2011, July 21, 2011, October 19, 2011, January 20, 2012 and March 19, 2012. The maximum gap between any two meetings was less than 4 months. The agenda for each meeting is prepared well in advance along with explanatory notes wherever required and distributed to all Directors.

Directors' Attendance Record and Directorships Held

As mandated by the Clause 49, 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. The composition of Board of Directors during the year FY2012 is given 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 Committee Member-ships#	No. of Chairman-ships of Committees#
Mr Agnivesh Agarwal, Chairman	Nephew of Mr. Navin Agarwal	Non-Executive	5	4	No	3@	--	--
Mr Navin Agarwal	Uncle of Mr. Agnivesh Agarwal	Non-Executive	5	5	No	8@	1	--
Mr Akhilesh Joshi*	None	Executive	5	5	Yes	1	--	--
Mr. A.R. Narayanaswamy	None	Independent	5	5	Yes	2	1	2
Mr R K Malhotra$	None	Independent	5	5	No	2	1	--
Ms Anjali Anand Srivastava$	None	Independent	5	5	No	3	3	--
Mr Rajib Sekhar Sahoo$^	None	Independent	2	2	NA	1	1	--
Ms Shaukat Ara Tirmizi$^	None	Independent	2	0	NA	--	--	--

Notes:

* Ceased to be COO & Whole-time Director on 31.01.2012 and appointed as CEO & Whole-time Director on 01.02.2012

^ Appointed as Director w.e.f. 25.10.2011

$ Nominees of Government of India

Only Audit Committee and Shareholder Grievance Committee considered

@ Excludes foreign companies: Mr. Agnivesh Agarwal – 3, Mr Navin Agarwal – 4

Information Supplied to the Board

The Board has complete access to all information of the Company and is regularly provided detailed information as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting. In addition detailed report by the CEO is tabled in the quarterly Board meeting encompassing all facets of the Company's operations during the quarter, including update of key projects and matters relating to environment, health and safety. The following information is regularly provided to the Board as a part of the agenda papers.

- Major capital budgets and any updates thereof
- Quarterly results for the Company
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- 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
- Materially important show cause, demand, prosecution notices and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material environmental problems
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Any issue, which involves 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 collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Quarterly disclosure of all the investments made
- Quarterly performance report on the ongoing projects
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- The Board periodically reviews compliance reports of all laws applicable to the Company

Remuneration to Directors

Non-executive Directors are paid a fixed sitting fee for each meeting which is approved by the Board, except whole-time Director and government Directors in the employment of the government . The remuneration paid to Mr. Akhilesh Joshi is as per the approval granted by the Board and approved in the 43rd Annual General Meeting and as proposed in the 46th Annual General Meeting. The remuneration in the form of commission had been approved by the Board of Directors and is payable to all the non executive Directors, other than officiating government Directors for the year FY2012. and is within the limits of section 309(4) and computed in the manner referred to in section 198 (1) of the Companies Act 1956.

Table 2 A: Sitting fee and Commission to Directors for FY2012 (₹)

Name of Director	Category	Sitting fees $	Commission
Mr Agnivesh Agarwal, Chairman	Non-Executive	80,000	1,500,000
Mr Navin Agarwal	Non-Executive	100,000	750,000
Mr R K Malhotra	Independent	__	__
Mr. A.R. Narayanaswamy	Independent	170,000	750,000
Mr Akhilesh Joshi	Executive	__	__
Ms Anjali Anand Srivastava	Independent	__	__
Mr. Rajib Sekhar Sahoo	Independent	40,000	325,820*
Ms. Shaukat Ara Tirmizi	Independent	__	325,820*

$ Includes sitting fees for Board Meetings ₹ 20, 000 per meeting and for Committee meetings ₹ 10,000 per meeting

** Part of the financial year*

Table 2 B: Remuneration paid to Executive Director for FY2012 (₹)

Name of Director	Category	Salary and perquisites	Contribution to P.F., Pension and Gratuity	Stock option of holding company	Total
Mr Akhilesh Joshi	COO and Whole time Director	16,844,710	307,668	11,338,367	29,804,207
Mr Akhilesh Joshi *	CEO and Whole time Director	1,284,974	28,488		

* Ceased to be COO & Whole-time Director on January 31, 2012 and appointed as CEO & Whole-time Director on February 01,2012

There are no pecuniary relationships or transactions of the Non-Executive Director's vis-à-vis the Company except as mentioned above. The Company has not granted any stock option to any of its Directors.

During FY2012, the Company did not advance any loans to any of its Directors.

Code of Conduct

HZL's Board has laid down a code of conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company www.hzlindia.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer & Whole Time Director (CEO& WTD) to this effect is enclosed at the end of this report.

Risk Management

The Company has developed a very comprehensive risk management policy and the same is reviewed by the Audit Committee at periodic intervals, which in turn, informs the Board about the risk assessment and minimisation procedures adopted by the management. Suggestions or guidance given by the Audit Committee members are immediately implemented. Company has unit wise risk register, which provides for root cause of the risk and its mitigation procedure. Unit heads periodically review the identified risks and update the control measures. At the corporate level, major risks are reviewed by the Chief Executive Officer and Chief Financial Officer and directions are issued accordingly.

Committees of the Board

The Company has two Board level committees - Audit Committee and Shareholders' / Investors' Grievance Committee.

All decisions pertaining to the constitution of committees, appointment of members and fixing of terms of service for committee members is 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:

a) Audit Committee

As on March 31, 2012, the Audit Committee comprises four Directors, out of which majority are independent Directors. Mr A.R. Narayanaswamy is the Chairman of the committee.

The time gap between any two meetings was less than four months. The Committee met four times in the year under review on April 21, 2011, July 21, 2011, October 19, 2011, and January 20, 2012. The details of the Audit Committee are given in Table 3.

Table 3: Attendance record of Audit Committee Meetings

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended	Sitting fees (₹)
Mr. A.R. Narayanaswamy	Chairman	Independent	4	4	40,000
Mr R K Malhotra	Member	Independent	4	4	-
Mr Akhilesh Joshi	Member	Executive	4	4	-
Ms Anjali Anand Srivastava	Member	Independent	4	4	-

CORPORATE GOVERNANCE REPORT

The Chief Financial Officer, the head of intemal audit and the representative of the Statutory Auditors (M/s Deloitte Haskins & Sells) and internal auditors (M/s. KPMG) are invitees to the Audit Committee meetings. The Company Secretary, is the Secretary to the Committee.

Mr A R Narayanaswamy is a practising Chartered Accountant and Chairman of the Audit Committee and all the members of the Audit Committee have accounting and financial management knowledge. The quorum for the meeting of the Committee is two members. The Chairman of the Audit Committee attended the 45th Annual General Meeting held on June 25, 2011. The Audit Committee functions in accordance with its constitution and charter, framed in compliance with clause 49. The 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 the statutory auditors

> 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 clause (2AA) of section 217 of the Companies Act, 1956
- 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
- Compliance with listing and other legal requirements relating to financial statements

> Disclosure of any related party transactions

> Qualifications in the draft audit 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, adequacy of the internal 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 systems 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 depositors, shareholders (in case of non payment of declared dividends) and creditors, if any

> Reviewing the functioning of the Whistle Blower mechanism

> Appointment of the Chief Financial Officer of the Company

> Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

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:

> Management discussion and analysis of financial condition and results of operations

> Statement of significant related party transactions (as defined by the Audit Committee), submitted by management

> Management letters / letters of internal control weaknesses issued by the statutory auditors

> Internal audit reports relating to internal control weaknesses

> The appointment, removal and terms of remuneration of the internal auditor

In addition, the Audit Committee of the Company also reviews the financial statements.

The Audit Committee is also apprised on information with regard to related party transactions by being presented:

> A statement in summary form of transactions with related parties in the ordinary course of business

> Details of material individual transactions with related parties which are not in the normal course of business

> Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

b) Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee consists of three members. The Committee met three times in the year under review on April 21, 2011, October 19, 2011 and January 20, 2012.

Mr. A. R. Narayanswamy is the Chairman of the Committee.

The primary function of the Committee is to address investor complaints pertaining to transfers/transmission of shares, non-receipt of dividend and any other related matters. The minutes of each of the Committee Meetings are reviewed by the Board. The attendance details are mentioned in Table 4 below.

Table 4: Attendance Record of Shareholders'/Investors' Grievance Committee Meetings

Name of the Member	Position	Status	No. of Meetings held	No. of Meetings Attended	Sitting fees (₹)
Mr A.R. Narayanaswamy	Chairman	Independent	3	3	30,000
Mr Akhilesh Joshi	Member	Executive	3	3	-
Mr R K Malhotra	Member	Independent	3	3	-

The matters, if any, requiring Board's attention are informed to the Board by the Committee Chairman.

Details of queries and grievances received and attended by the Company during the year FY2012 is given in Table 5.

Table 5: Nature of complaints received and attended to during FY2012

1.	Number of complaints received from the investors comprising of non-receipt of Dividend Warrants, non-receipt of securities sent for transfer and transmission, complaints received from SEBI etc.	16
2.	Number of complaints resolved	16
3.	Number of complaints not resolved to the satisfaction of the investors as at March 31, 2012.	NIL
4.	Complaints pending as at March 31, 2012.	NIL
5.	Number of Share transfers pending for approval as at March 31, 2012.	NIL

The Board of Directors has delegated the power of approving physical transfer and transmission of shares to the Company Secretary

MANAGEMENT

Management Discussion and Analysis

Annual Report has a detailed chapter on Management Discussion and Analysis.

Disclosures of Related Party Transactions

There have been no materially significant related party transactions with the Company's promoters, directors, management or their relatives that have a potential conflict with the interests of the Company. Members may refer to disclosures of transactions with related parties i.e. promoters, directors, relatives, or management made in the Balance Sheet in Notes to Financial Statements at Note No. 38 in compliance of Clause 32 of the Listing Agreement and Accounting Standard 18.

Disclosure of Accounting Treatment in Preparation of Financial Statements

The Company follows the guidelines of accounting standards referred to in Section 211(3C) of The Companies Act , 1956 including Accounting Standard-30 on 'Financial instruments: Recognition and Measurement' and Limited revision arising out of it in other Accounting Standards, issued by 'The Institute of Chartered Accountants of India'.

Compliance with Capital market regulations

The Company has complied with all the requirements of regulatory authorities and no penalties/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 code of conduct for its management and staff. The code lays down guidelines, 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.

CEO/ CFO Certification

The CEO and CFO certification of the Financial Statements for the year is enclosed at the end of the report.

Directors

As per law, two-thirds of the Directors should retire by rotation. One-third of these Directors are required to retire every year and, if eligible, offer themselves for re-appointment. Mr Agnivesh Agarwal and Mr R.K. Malhotra would retire this year and being eligible, have offered themselves for re-appointment. A brief profile of both of them is as follows.

1. **Mr. Agnivesh Agarwal**

   Mr. Agnivesh Agarwal is Chairman and was appointed on the Board with effect from November 15, 2005. Mr. Agarwal is an eminent industrialist with a strong knowledge of business operations and has extensive experience in managing large projects, business restructuring and strategy. Over the years he has developed excellent commercial knowledge with hands-on experience. He is also the Director of MALCO, Sterlite Iron and Steel Company Ltd, Sterlite Energy Limited, Agarwal Galvanising Pvt. Ltd, Sterlite Display Technologies Pvt. Ltd., Twinstar Overseas Limited, Twinstar Infrastructure Limited and Twinstar Investment Limited. Mr. Agarwal has completed his graduation in commerce from Sydhenam College, Mumbai.

2. **Mr. R.K. Malhotra**

   Mr. R.K. Malhotra is Director and was appointed on the Board with effect from October 27, 2010. Mr. Malhotra is an IAS (Indian Administrative Service) officer and is presently holding the post of Director in Ministry of Mines, New Delhi. He is also on the Board of Bharat Gold Mines Limited and Bharat Aluminium Co. Limited.

Communication with Shareholders and others

The Company published its quarterly, half yearly and yearly results in the form as prescribed under Clause 41 of the Listing Agreement within the prescribed time. The results were sent to stock exchanges where shares are listed and the same were published in The Economic Times/Business Standard and Rajasthan Patrika/Dainik Bhaskar.

The financial results and official news releases etc. are also displayed on the website of the Company www.hzlindia.com. Annual Report containing inter-alia Audited Annual Financial Statements, Director's Report, Auditor's Report and other important and statutory information are circulated to all members and to others entitled. The Management Discussion and Analysis Report along with CEO and CFO certificate forms part of the Annual Report.

Table 6: Details of the Announcement of the Financial Results for FY2012

Description	Date
Unaudited Financial Results for the quarter ended on June 30, 2011	July 21, 2011
Unaudited Financial Results for the quarter / half year ended on 30th September, 2011	October 19, 2011
Unaudited Financial Results for the quarter / Nine months ended on 31st December, 2011	January 20, 2012
Audited Financial Results for the quarter/ year ended on March 31, 2012	April 19, 2012

In addition to this, if there is any other announcement affecting the shareholders / public, it is duly informed to stock exchanges and published in the newspapers for the benefit of shareholders and public at large.

General Body Meetings

Table 7 gives the details of the last three General Meetings.

Table 7: Annual / Extra-Ordinary General Meetings

Date	AGM	Location	Time
August 7, 2009	43rd AGM	Yashad Bhawan, Udaipur, Rajasthan	3.30 P.M.
July 30, 2010	44th AGM	Yashad Bhawan, Udaipur, Rajasthan	3.30 P.M.
June 25, 2011	45th AGM	Yashad Bhawan, Udaipur, Rajasthan	3.30 P.M.

In the last 3 Annual General Meeting's, under ordinary business - special resolution was passed for the reappointment of Statutory Auditors. Further for payment of commission to Independent Directors under special business, special resolution was passed in the 43rd Annual General Meeting.

Postal Ballot

During the current year, shareholders approval through Postal Ballot process was obtained as per law for the re-appointment of Mr. Akhilesh Joshi as Chief Operating Officer & Whole-time Director of the Company w.e.f. 21.10.2011 to 31.01.2012

The voting pattern for the same was as follows:

Number of valid Postal Ballot forms received	154
Votes in favour of the Resolution	4,008,885,882
Votes against the Resolution	6,437,724
Number of invalid Postal Ballot forms received	1

COMPLIANCE

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49 of the Listing Agreements and of the Securities and Exchange Board of India (SEBI). Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchanges or any other statutory authorities. The Company has complied with and adopted the mandatory requirements of Corporate Governance Code. While, it has adopted several non-mandatory requirements of the Code, the ones not yet adopted are as follows:

Maintenance of Chairman's office	Currently, Chairman is a Non-Executive Chairman
Tenure of Independent Directors	Currently four of the five independent directors are nominated by the Government and no tenure is specified
Setting up of Remuneration committee	Sitting fees and commission paid to Non-Executive Directors, other than officials Govt Director and remuneration paid to Whole-time Director are all approved by the Board
Communication of half-yearly results to each household of members	Results are placed on Company website and published in leading newspapers
Training of directors	All directors have expertise in their area of specialisation
Mechanism for evaluation of non-executive directors	Given the sterling performance of the Company , this is not considered relevant at this stage

ADDITIONAL SHAREHOLDER INFORMATION

Annual General Meeting

Date: Friday, July 6, 2012
Time: 3.30 pm
Venue: Yashad Bhawan, Udaipur

Financial Calendar

For the year ending March 31, 2013, results will be announced by

> **End July 2012:** First Quarter

> **End October 2012:** Second Quarter and Half Yearly

> **End January 2013:** Third Quarter

> **End April 2013:** Fourth Quarter and Annual

Book Closure

The dates of book closure are from June 30, 2012 to July 6, 2012 both days inclusive.

Dividend

During the year Company has paid interim dividend of 75% per share of face value of ₹ 2 each i.e. ₹ 1.50/- to all the shareholders whose name appeared in register of members as on October 24, 2011. Board has recommended final dividend of 45% per share of face value of ₹ 2 each i.e. ₹ 0.90 per share subject to approval by the shareholders at the forthcoming annual general meeting. The total dividend for the year is 120% i.e. ₹ 2.40 per share, which is the highest ever dividend declared by the Company.

Listing

At present, equity shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai (BSE), and the National Stock Exchange (NSE). The annual listing fees for the financial year FY2012 to BSE and NSE has been paid.

Table 8: HZL's Stock Exchange Codes

Name of the Stock Exchange	Stock Code	ISIN Code
The National Stock Exchange, Mumbai	HINDZINC	INE 267A01025
Bombay Stock Exchange Limited, Mumbai	500188	

Stock Market Data

Table 9: Highs, Lows and Volumes of Company's Shares for FY2012 at BSE and NSE

	BSE			NSE		
	High ₹	Low ₹	Volume (No. of Shares)	High ₹	Low ₹	Volume (No. of Shares)
April 2011	155.25	135.00	9,614,297	155.20	134.80	45,029,804
May 2011	144.00	126.30	5,000,769	144.35	126.20	25,441,313
June 2011	139.65	125.60	2,423,269	139.80	125.10	15,919,141
July 2011	145.55	128.10	3,883,440	145.95	127.70	18,808,477
August 2011	144.00	114.90	3,338,620	144.00	114.25	22,838,182
September 2011	137.95	117.05	2,867,176	137.90	116.70	15,848,484
October 2011	130.00	109.00	3,234,751	130.00	108.85	15,530,104
November 2011	124.80	106.70	1,537,970	124.70	106.45	8,483,639
December 2011	128.95	114.05	1,488,390	129.40	113.95	11,260,369
January 2012	138.25	114.55	2,494,226	138.00	114.80	19,229,603
February 2012	149.80	132.50	2,584,303	154.00	132.50	16,864,574
March 2012	147.00	121.00	3,483,831	147.15	121.00	20,604,642

Chart 1: HZL's Share Performance versus BSE Sensex

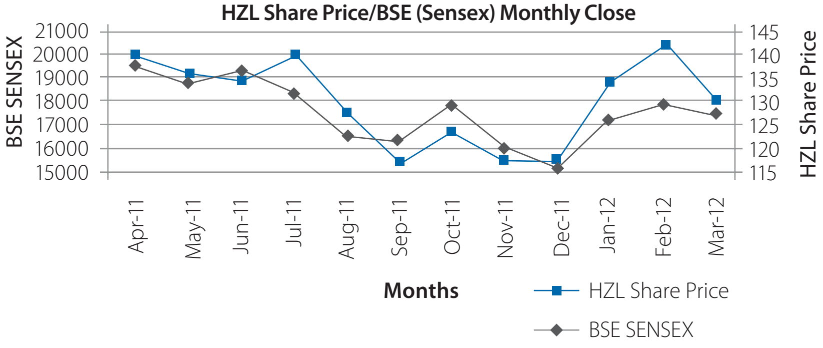
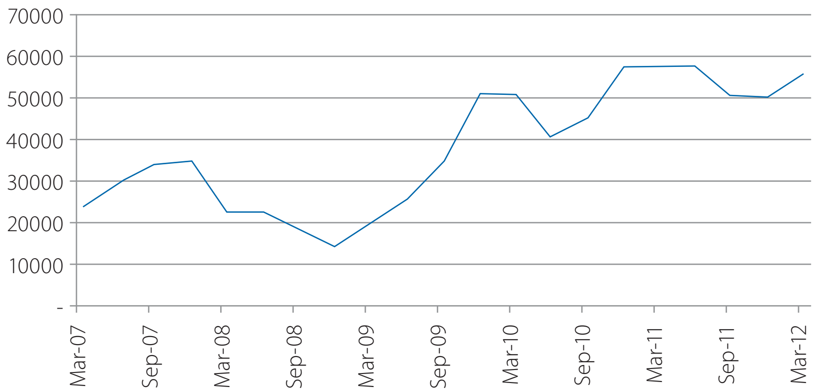


Chart 2: Market Cap Performance of HZL from March 31, 2007 to March 31, 2012 (₹ Crores)



Distribution of Shareholding

Table 10 and 11 lists the distribution of the shareholding of the equity shares of the Company by size and by ownership class as on March 31, 2012.

Table 10: Shareholding Pattern by Size on March 31, 2012

No. of equity shares	No. of shareholders	% of shareholders	No. of shares held	% of share-holding
Up to 500	44,683	76.62	6,649,968	0.16
501- 1000	6,364	10.91	5,458,227	0.13
1001- 2000	2,979	5.11	4,887,119	0.12
2001- 3000	1,088	1.87	2,930,623	0.07
3001- 4000	565	0.97	2,106,684	0.05
4001- 5000	752	1.29	3,661,639	0.09
5001- 10000	926	1.59	7,337,485	0.17
10001- 20000	496	0.85	7,507,629	0.18
20,001- 30000	121	0.21	3,067,930	0.07
30001- 40000	62	0.11	2,201,814	0.05
40001- 50000	45	0.08	2,087,420	0.05
50001- 100000	90	0.15	6,277,295	0.15
100001 and above	143	0.24	4,171,145,167	98.72
Total	**58,314**	**100.00**	**4,225,319,000**	**100.00**

Table 11: Shareholding Pattern by Ownership as on March 31, 2012

			Category	No. of Shares Held	% of Share Holding
A	**Promoter's Holding**				
	1	Promoters			
		-Indian Promoters Sterlite Opportunities And Ventures Ltd.,		2,743,154,310	64.9218
		- Foreign Promoters		0	0.0000
			Sub Total	**2,743,154,310**	**64.9218**
B	**Non-Promoter Holding**				
	2	Institutional Investors			
		A	Mutual Funds And UTI	42,875,991	1.0147
		B	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions/ Non-Government Institutions)	33,798,847	0.7999
		C	FIIs	56,343,105	1.3335
			Sub Total	**133,017,943**	**3.1481**
	3	Others			
		A	Private Corporate Bodies	52,681,194	1.2468
		B	Indian Public	45,778,343	1.0834
		C	NRIs/OCBs	1,108,652	0.0262
		D	NRI Company	830,000	0.0196
		E	Bank Foreign	10,000	0.0002
		F	Foreign National Individual	7,751	0.0002
		G	Any Other	780,217	0.0185
		H	GOI -President of India	1,247,950,590	29.5351
			Sub Total	**1,349,146,747**	**31.9301**
			Total	**4,225,319,000**	**100.0000**

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 on March 31, 2012, 4,221,861,060 equity shares forming 99.9181% of the share capital of the Company stand dematerialised.

The Company's share is actively traded on both the stock exchanges ie BSE and NSE

Outstanding GDRs /ADRs /Warrants/Options

The Company has not issued any GDRs /ADRs /Warrants/ Options etc.

Details of Public Funding Obtained in the Last Three Years

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

Registrar and Transfer Agent

Address:

M/s. Sharepro Services (India) Pvt Ltd
13 AB, Samitha Warehousing Complex,
Behind Sakinaka Telephone Exchange,
Kurla Andheri Road, Sakinaka
Mumbai – 400 072
Phone: 022-6672 0329 , 6672 0354
Fax: 022- 2850 8927

Company's Registered Office Address:

Hindustan Zinc Limited
Yashad Bhawan
Udaipur – 313004
Rajasthan

Plant Locations

Mining Units:

Rampura Agucha Mine	: Bhilwara District (Rajasthan)
Sindesar Khurd Mine	: Rajsamand District (Rajasthan)
Zawar Mines	: Udaipur District (Rajasthan)
Rajpura Dariba Mine	: Rajsamand District (Rajasthan)
Maton Mine	: Udaipur District (Rajasthan)

Smelting Units:

Chanderiya Lead Zinc Smelter	: Chittorgarh District (Rajasthan)
Dariba Smelting Complex	: Rajsamand District (Rajasthan)
Debari Zinc Smelter	: Udaipur District (Rajasthan)
Vizag Zinc Smelter	: Visakhapatnam District (Andhra Pradesh)

Note : *We also have Zinc, Lead and Silver refining facilities in the State of 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 – 313004,
Rajasthan.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Akhilesh Joshi, CEO & Whole-time Director and Amitabh Gupta, Chief Financial Officer of HZL, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account, and all its schedules etc., and confirm that:

   a. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or contain statements that might be misleading.

   b. Based on our knowledge and information, the financial statements, present in all material respects, a true and fair view of the Company's affairs and except as stated are in compliance with the existing accounting standards and / or applicable laws and regulations.

2. To the best of our knowledge and belief, no transactions entered into by the Company during the period are fraudulent, illegal or violative of the Company's code of conduct.

3. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company, and we have:

   a) Designed such controls and procedures to ensure that material information relating to the Company is made known to us;

   b) Designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Company's disclosure, controls and procedures; and

4. We confirm that

   a) There are no deficiencies in the design or operation of internal controls, which could materially adversely affect the Company's ability to record, process, summarise and report financial data;

   b) There are no significant changes in internal controls during the period;

   c) All significant changes in accounting policies during the year have been disclosed in the notes to the financial statements; and

   d) There are no instances of significant fraud of which we are aware, that involves management or other employees who have a significant role in the Company's internal controls system.

5. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices.

Amitabh Gupta	Akhilesh Joshi
Chief Financial officer	CEO & Whole-time Director

Date: April 19, 2012
Place: Mumbai

AUDITORS' CERTIFICATE

To the Members of Hindustan Zinc Limited

1. We have examined the compliance of conditions of Corporate Governance by Hindustan Zinc Limited, for the year ended on 31 March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. In our opinion and to the best of our information and according to the explanations given to us, the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

4. We state that such compliance 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.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

Shyamak R Tata
Partner
M. No. 38320

Place: Mumbai
Date: April 19, 2012

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Agnivesh Agarwal	*Chairman*
Mr. Navin Agarwal	*Director*
Mr. A. R. Narayanaswamy	*Director*
Ms. Anjali Anand Srivastava	*Director*
Mr. R. K. Malhotra	*Director*
Ms. Shaukat Ara Tirmizi	*Director*
Mr. Rajib Sekhar Sahoo	*Director*
Mr. Akhilesh Joshi	*Chief Executive Officer and Whole-time Director*

CHIEF FINANCIAL OFFICER

Mr. Amitabh Gupta

COMPANY SECRETARY

Mr. Rajendra Pandwal

REGISTERED OFFICE

Yashad Bhawan
Udaipur - 313 004

BANKERS

State Bank of Bikaner & Jaipur
IDBI Bank Limited
ICICI Bank Limited
HDFC Bank Limited
Citi Bank
Calyon Bank
Development Bank of Singapore
Kotak Mahindra Bank Ltd
Yes Bank Limited

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate, Worli
Mumbai - 400 018

FINANCIAL STATEMENTS

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AUDITORS' REPORT

To the members of Hindustan Zinc Limited

1. We have audited the attached Balance Sheet of Hindustan Zinc Limited (the Company) as at March 31, 2012, the Statement of Profit and Loss, and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We draw attention to Note 40 relating to long-term investment in equity shares of a power company being classified as an intangible asset (Note 10.B) and amortised. This treatment is in preference to requirements of Accounting Standard 30 'Financial Instruments: Recognition and Measurement', Accounting Standard 26 'Intangible Assets'; and Schedule XIV of the Companies Act, 1956. This has resulted in profit after tax being lower by ₹ 3.16 Crores (FY2011: ₹ 3.49 Crores), investments being lower by ₹ 98.41 Crores (FY2011: ₹ 98.41 Crores), fixed assets being higher by ₹ 46.69 Crores (FY2011: ₹ 51.36 Crores), deferred tax liability being lower by ₹ 16.78 Crores (FY2011: ₹ 15.27 Crores) and reserves and surplus being lower by ₹ 34.94 Crores (FY2011: ₹ 31.78 Crores).

4. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments in paragraph 3 and the Annexure referred to in paragraph 4 above, we report that:

    a. we have 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 accounts 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

    d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except for Paragraph 4 above. Additionally, the Company has chosen to early adopt Accounting Standard 30, Financial Instruments: Recognition and Measurement arising from the Announcement of the Institute of Chartered Accountants of India on 29th March, 2008 as stated in Note 41.

    e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

    i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;

    ii. in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

    iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. On the basis of written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

Shyamak R. Tata
Partner
M. No. 38320

Place: Mumbai
Date: April 19, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of Auditors' Report of even date)

1. In our opinion and according to the information and explanation given to us, the nature of the Company's business/ activities during the year are such that clauses (iii), (v), (vi), (x), (xii), (xiii), (xv), (xvi), (xviii), (xix), and (xx) of Companies (Auditors' Report) Order 2003, are not applicable to the Company. In respect of the other clauses, we report as under:

2. In respect of its fixed Assets:

   i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   ii. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

   iii. In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

3. In respect of its inventories:

   i. As explained to us, the inventories were physically verified during the year by the management which is at reasonable intervals.

   ii. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of Company and the nature of its business.

   iii. In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchases of inventory and fixed assets and the sale of goods. There are no sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

5. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.

6. We have broadly reviewed the cost records maintained by the Company, including pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. According to the information and explanations given to us in respect of statutory dues, and the records of the Company examined by us:

   i. The Company has been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues.

   ii. Disputed sales tax, excise duty, and Income-tax dues aggregating ₹ 66.03 Crores, ₹ 61.91 Crores and ₹ 670.06 Crores respectively, have not been deposited since the matters are pending with the relevant forum as per annexure 'A' attached.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.

9. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. The Company has maintained proper records of transactions and contracts in respect of shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.

10. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long term investment.

11. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

Shyamak R. Tata
Partner
M. No. 38320

Place: Mumbai
Date: April 19, 2012

ANNEXURE A

Name of Statute	Nature of dues	Amount (₹ in Crores)	Period to which the amount relates	Forum where dispute is pending
Company's appeals:				
A Sales Tax Claims	Disputes in respect of sales tax rate difference / classification and stock transfers treated as sales.	66.03	F.Y. 1980-81 to 2008-09	Dy Commissioner, Joint Commissioner, CTO,Tribunal and High Court.
	Sub Total (a)	**66.03**		
B Central Excise Duty	Admissibility of Modvat / Cenvat credit on inputs, capital goods, alleged duty demand on captive use of intermediate goods, reversal of the amount on dispatch of by-products,duty on valuation and storage/ handling losses.	61.91	F.Y. 1985-86 to 2010-11	CESAT, Commissioner (Appeals) and High Court / Supreme Court.
	Sub Total (b)	**61.91**		
C Income Tax	Disputes in respect appeals pending before CIT(A).	165.84	A.Y. 1996-97, 1997-98, 2006-07, 2007-08 and 2009-10.	CIT(A)
	Disputes in respect appeals pending before High Court.	2.36	A.Y. 1992-93 to 1994-95, 1996-97, 1997-98 and 2003-04.	HC
	Sub Total (c)	**168.20**		
Department's appeals:				
Income Tax	Relief granted by CIT (A) for differences in computation, allowances of certain expenses and enhancement of rebate, etc	446.82	A.Y. 1989-90 to 1991-92,1993-94, and 1996-97 to 2009-10	Tribunal / Set Aside AO/C(A)
	Relief granted by Tribunal for differences in computation, allowances of certain expenses and enhancement of rebate, etc	55.04	A.Y. 1990-91 to 1994- 95 and 1996-97	High Court / Supreme Court
	Sub Total (d)	**501.86**		
	Sub Total (e) = (c) + (d)	**670.06**		
Total (a) + (b) + (e)		**798.00**		

BALANCE SHEET

as at March 31, 2012

(₹ in Crores)

Particulars	Note	FY2012		FY2011	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	3	845.06		845.06	
Reserves and surplus	4	26,036.20		21,688.13	
Total Shareholders fund			26,881.26		22,533.19
Non-current liabilities					
Deferred tax liabilities (net)	5	1,108.81		944.70	
Other long term liabilities	6	17.15		23.79	
Total Non-current liabilities			1,125.96		968.49
Current liabilities					
Short-term borrowings	7	0.39		0.39	
Trade payables		410.29		368.24	
Other current liabilities	8	563.15		615.57	
Short-term provisions	9	441.97		567.08	
Total Current liabilities			1,415.80		1,551.28
Total			**29,423.02**		**25,052.96**
ASSETS					
Non-current assets					
Fixed assets					
Tangible assets	10.A	8,465.72		7,199.70	
Intangible assets	10.B	47.10		54.51	
Capital work-in-progress		444.96		594.82	
Total Fixed asset (net)		8,957.78		7,849.03	
Non current investments	11	2.59		2.08	
Long term loans and advances	12	627.92		616.73	
Other non current assets	13	163.59		129.77	
Total Non-current assets			9,751.88		8,597.61
Current assets					
Current investments	14	12,692.26		9,332.51	
Inventories	15	797.94		762.38	
Trade receivables	16	332.45		208.89	
Cash and cash equivalents	17	5,255.32		5,632.91	
Short term loans and advances	18	269.97		286.22	
Other current assets	19	323.20		232.44	
Total Current assets			19,671.14		16,455.35
Total			**29,423.02**		**25,052.96**

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R. Tata
Partner

Date: April 19, 2012
Place: Mumbai

For and on behalf of the Board of Directors

Akhilesh Joshi
CEO & Whole-time Director

Amitabh Gupta
Chief Financial Officer

A. R. Narayanaswamy
Director

R. Pandwal
Company Secretary

STATEMENT OF PROFIT & LOSS

for the year ended March 31, 2012

(₹ in Crores)

Particulars	Note	FY2012	FY2011
Revenue from operations (gross)		12,061.09	10,616.85
Less: Excise duty on revenue from operations		(655.78)	(577.68)
Revenue from operations (net)	20	11,405.31	10,039.17
Other income	21	1,542.83	866.02
Total revenue		**12,948.14**	**10,905.19**
Expenses:			
Cost of materials consumed		217.69	169.23
Changes in inventories of finished goods and work-in-progress	22	94.44	(155.64)
Employee benefits expense	23	534.64	510.78
Finance costs	24	13.95	18.28
Depreciation and amortisation expense		610.67	474.74
Other expenses	25	4,489.08	3,907.09
Total expenses		**5,960.47**	**4,924.48**
Profit before exceptional item and tax		**6,987.67**	**5,980.71**
Exceptional items	42	43.13	21.16
Profit before tax		**6,944.54**	**5,959.55**
Tax expense:			
Current tax	26	1,254.69	825.51
Deferred tax	27	163.81	233.55
Profit for the year		**5,526.04**	**4,900.49**
Earnings per equity share			
Basic and diluted		13.08	11.60

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R. Tata
Partner

Date: April 19, 2012
Place: Mumbai

For and on behalf of the Board of Directors

Akhilesh Joshi
CEO & Whole-time Director

Amitabh Gupta
Chief Financial Officer

A. R. Narayanaswamy
Director

R. Pandwal
Company Secretary

CASH FLOW STATEMENT

for the year ended March 31, 2012

(₹ in Crores)

Particulars	FY2012		FY2011	
(A) CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit before tax	6,944.54		5,959.55	
Adjustments for :				
Depreciation and amortisation	610.88		474.98	
Finance costs	13.95		19.40	
Interest and dividend earned	(597.57)		(588.00)	
Mark to Market adjustment on financial instruments	(268.14)		(236.87)	
Provision for expenses written back	(7.75)		(2.02)	
(Profit) / Loss on sale of fixed asset (net)	(0.69)		(0.13)	
(Profit) / Loss on sale of current Investment (net)	(640.63)		(27.18)	
Operating profit before working capital changes	6,054.59		5,599.73	
Changes in working capital				
(Increase)/Decrease in Inventories	(35.56)		(310.64)	
(Increase)/Decrease in Trade receivables	(123.56)		(57.06)	
(Increase)/Decrease in short term loans and advances	54.55		28.06	
(Increase)/Decrease in long term loans and advances	2.36		3.18	
(Increase)/Decrease in other non current assets	(19.21)		(4.98)	
Increase/(Decrease) in trade payables	111.26		15.12	
Increase/(Decrease) in other current liabilities	(44.05)		151.80	
Increase/(Decrease) in other long term liabilities	(6.64)		(37.05)	
Cash generated from operations	5,993.74		5,388.16	
Income taxes paid during the year	(1,501.69)		(1,116.25)	
Net cash generated from operating activities		**4,492.05**		**4,271.91**
(B) CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets	(1,671.87)		(1,447.57)	
Interest and dividend received	494.74		372.56	
Bank balances not considered as cash and cash equivalents				
- Placed	(5,725.59)		(6,830.69)	
- Matured	5,855.00		2,375.00	
Purchase of current investments	(30,266.11)		(25,532.47)	
Sale of current investment	27,811.09		27,402.43	
Sale of fixed assets	4.16		1.83	
Net cash used in investing activities		**(3,498.58)**		**(3,658.91)**

CASH FLOW STATEMENT

for the year ended March 31, 2012 (contd.)

(₹ in Crores)

Particulars	FY2012	FY2011
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Repayment of borrowings	-	(60.08)
Interest and finance charges paid	(13.95)	(7.58)
Dividend and tax thereon paid	(1,227.70)	(295.63)
Net cash used in financing activities	**(1241.65)**	**(363.29)**
Net increase in cash and cash equivalents	**(248.18)**	**249.71**
Cash and cash equivalents at the end of the year	29.05	277.23
Cash and cash equivalents at the beginning of the year	277.23	27.52
	(248.18)	**249.71**
Reconciliation Cash and cash equivalent with the balance sheet		
Cash and cash equivalent as per balance sheet (refer note 17)	5,255.32	5,632.91
Less:- Bank balances not considered as cash and cash equivalents	5,226.27	5,355.68
Cash and Bank balance as at the end of the year	**29.05**	**277.23**

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R. Tata
Partner

Date: April 19, 2012
Place: Mumbai

For and on behalf of the Board of Directors

Akhilesh Joshi
CEO & Whole-time Director

Amitabh Gupta
Chief Financial Officer

A. R. Narayanaswamy
Director

R. Pandwal
Company Secretary

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2012

NOTE 1 COMPANY OVERVIEW

Hindustan Zinc Limited (HZL) was incorporated on January 10, 1966 under the laws of the Republic of India and has its registered office at Udaipur (Rajasthan). HZL's shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). HZL is engaged mainly in non-ferrous metals and mining in India.

HZL's operations include four Lead Zinc mines, four Zinc smelters, two Lead smelters, one Lead Zinc smelter, six Sulphuric Acid plants, a silver refinery plant and five captive power plants in the state of Rajasthan, one Zinc smelter and a Sulphuric Acid plant in the state of Andhra Pradesh. In addition, HZL also has a rock-phosphate mine in Maton near Udaipur in Rajasthan and Zinc, Lead & Silver refining facilities in the State of Uttarakhand. The Company also has wind power plants in the States of Rajasthan, Gujarat, Karnataka, Tamilnadu and Maharashtra.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared as a going concern under historical cost convention on an accrual basis and comply in all material respects with the Generally Accepted Accounting Principles in India and the relevant provisions of the Companies Act, 1956, except those items covered under 'Accounting Standard – 30' on 'Financial instruments: Recognition and Measurement' which are measured at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the periods in which the results are known / materialise.

Fixed Assets

Fixed assets (including research and development assets) are recognised at cost of acquisition including expenditure upto the date of commissioning, net of cenvat /value added tax less accumulated depreciation and impairment loss. Grant received towards fixed assets is reduced from the cost of the related assets.

Mine development expenditure includes leases, costs incurred for acquiring / developing properties / rights up to the stage of commercial production.

Impairment of Fixed Assets

The carrying amount of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is recognised in the Statement of Profit and Loss where the carrying amount of an asset exceeds its recoverable amount. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

Depreciation and Amortisation

Depreciation on fixed assets is provided using the straight-line method at rates prescribed under Schedule XIV of the Companies Act, 1956 subject to the following deviations:

> Additions and disposals are reckoned on the first day and the last day of the month respectively.

> Individual items of plant and machinery and vehicles costing upto ₹ 25,000 /- are wholly depreciated.

> In respect of additions arising on account of insurance spares, on additions / extension forming an integral part of existing plants and on the revised carrying amount of the assets identified as impaired on which depreciation has been provided over residual life of the respective fixed assets.

Intangible assets are amortised over its expected useful life.

Amortisation of leasehold land has been done in proportion to the period of lease.

Mine development expenditure is amortised in proportion to the annual ore raised to the remaining mineable ore reserves. In the year of abandonment of mine, the residual mine development expenditure is written off.

Financial Asset Investments

> Investments are recorded as Long Term Investments unless they are expected to be sold within one year. Investments in associates are valued at cost less provision for impairment, if any. Investments are reviewed for impairment.

> Investments classified as 'held for trading' that have a market price are measured at fair value and gains and losses arising on account of fair valuation is routed through Statement of Profit and Loss. Investments in unquoted equity instruments that do not have a market price and whose fair value cannot be reliably measured, are measured at cost.

Inventories

> Ore, concentrate, work-in-process and finished goods (including significant by-products) are valued at lower of cost and net realisable value on weighted average basis.

> Stores and spares are valued at lower of cost and net realisable value on weighted average basis.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2012

> Immaterial by-products, aluminum scrap, chemical lead scrap, anode scrap and coke fines are valued at net realisable value.

Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Revenue and Expenses

Revenue on sale of products (net of volume rebates) is recognised on delivery of product and / or on passage of title to the buyer. Sales include export benefit. Export benefits are recognised on recognition of export sales.

All other revenue and expenses are recognised on accrual basis. Revenue relating to interest on staff loans for conveyance, insurance / railway claims is recognised when recoverability is certain.

Expenditure on projects is:

> capitalised when projects are crystallised.

> written off in other cases.

Technical knowhow, not directly identifiable to any plans, layout of buildings / plant and machinery, etc. are written off. Expenditure relating to fixed assets not owned by Company is charged to revenue.

Prior period / prepaid expenses exceeding ₹ 0.05 Crores is appropriately disclosed.

All revenue expenses on research and development are written off.

Foreign Currency Transactions

(1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(2) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of monetary items which are hedged by derivative instruments, the valuation is done as per "Accounting Standard - 30, Financial Instruments: Recognition and Measurement". The fair value of foreign currency contracts are calculated with reference to current forward exchange rates for the contracts with similar maturity profile.

(3) Non monetary foreign currency items are carried at cost.

(4) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

Derivative Financial Instrument

In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Company enters into forward, option and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes. Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. The hedged item is recorded at fair value and any gain or loss is recorded in the Statement of Profit and Loss and is offset by the gain or loss from the change in the fair value of the derivative.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in equity. Amounts deferred to equity are recycled in the Statement of Profit and Loss in the periods when the hedged item is recognised in the Statement of Profit and Loss.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the Statement of Profit and Loss immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the year. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the Statement of Profit and Loss.

Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction of qualifying assets are capitalised as part of cost of such asset till such time as the asset is ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

Employee Benefits

i) Short term

Short term employee benefits including termination benefits are recognised as an expense at the undiscounted amount incurred during the year.

ii) Long term

a) Defined contribution plan and family pension scheme:

The Company's contribution to the recognised provident fund and family pension scheme paid / payable during the year is recognised to the Statement of Profit and Loss. The shortfall, if any, between the return guaranteed by the statute and actual earnings of the Fund is provided for by the Company and contributed to the Fund.

b) Defined benefit plan: Gratuity

The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation carried out annually and determined using the projected unit credit method. The Company makes annual contributions to funds administered by trustees and managed by insurance company for amounts notified by the said insurance company. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

c) Other long term benefit plan : Compensated absences

The Company has a scheme for leave encashment for employees, the liability for which is determined on the basis of an actuarial valuation carried out at the end of the year.

Voluntary Retirement Expenses

Voluntary retirement expenses are charged to the Statement of Profit and Loss.

Taxation

The Company's income taxes include taxes on the Company's taxable profits, adjustment attributable to earlier periods and changes in deferred taxes.

Provision for current tax is made after taking into account rebate and relief available under the Income tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset, if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised only to the extent that there is a reasonable certainty that the future taxable profit will be available against which the deferred tax asset can be realised.

Dividend

Dividend payment including tax thereon is appropriated from profits for the year and provision is made for proposed final dividend and tax thereon is subject to consent of the shareholders at the annual general meeting.

Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

NOTE 3 SHAREHOLDER'S FUNDS - SHARE CAPITAL

Particulars	FY2012		FY2011	
	Number	₹ in Crores	Number	₹ in Crores
Authorised				
Equity shares of ₹ 2/- (FY2011 : ₹ 2 /-) each.	5,000,000,000	1,000.00	5,000,000,000	1,000.00
	FY2012		FY2011	
Issued, subscribed and paid up				
Equity shares of ₹ 2/- (FY2011 : ₹ 2 /-) each fully paid up	4,225,319,000	845.06	4,225,319,000	845.06
Total	**4,225,319,000**	**845.06**	**4,225,319,000**	**845.06**

i) Reconciliation of number of shares and amounts outstanding

Particulars	Equity Shares		Equity Shares	
	Number	₹ in Crores	Number	₹ in Crores
Equity shares of ₹ 2/- (FY2011 : ₹ 10 /-) each outstanding at the beginning of the year	4,225,319,000	845.06	422,531,900	422.53
Equity shares issued during the year:				
Split of shares of ₹ 10/- to ₹ 2/- each			1,690,127,600	-
Bonus shares			2,112,659,500	422.53
Equity Shares outstanding at the end of the year	4,225,319,000	845.06	4,225,319,000	845.06

ii) 2,743,154,310 Equity Shares (FY2011: 2,743,154,310) are held by M/s. Sterlite Opportunities and Ventures Limited (SOVL), the holding company. SOVL is a subsidiary of Sterlite Industries (India) Limited and the ultimate holding company is Vedanta Resourses PLC, United Kingdom (VRPLC) . No shares are held by VRPLC or its other subsidiaries or associates.

iii) Details of Shareholders holding more than 5% shares in the Company

Name of Shareholder	FY2012		FY2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sterlite Opportunities and Ventures Ltd.	2,743,154,310	64.92	2,743,154,310	64.92
Government of India- President of India	1,247,950,590	29.54	1,247,950,590	29.54

iv) Aggregate number of bonus shares allotted during the period of five years immediately preceding March 31

Particulars	FY2012	FY2011
Equity shares allotted as fully paid up by way of bonus	2,112,659,500	2,112,659,500

v) Other disclosures

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 dividends as and when declared by the Company .Interim dividend is paid as and when declared by the Board .Final dividend is paid after obtaining shareholder's approval. Dividends are paid in Indian Rupees.

During the year ended March 31, 2012, the amount of per share final dividend recognised as distribution to equity shareholders was ₹ 0.90 per share (FY2011 : ₹ 1 per share)

NOTE 4 SHAREHOLDER'S FUNDS - RESERVES & SURPLUS

(₹ in Crores)

Particulars	FY2012	FY2011
Capital Reserves		
Balance provisions after adjustment as per Metal Corporation (Nationalisation and Miscellaneous Provision) Act, 1976		
Balance as at the beginning and end of the year	**0.61**	**0.61**
General Reserve		
Balance as at the beginning of the year	7,883.18	7,805.71
Add-Transferred from surplus in Statement of Profit and Loss	1,100.00	500.00
Less-Transferred to share capital towards bonus shares	-	(422.53)
Balance as at the end of the year	**8,983.18**	**7,883.18**
Hedging Reserve		
Balance as at the beginning of the year	(0.13)	0.06
Add-Cash flow hedges transferred	0.85	(0.27)
Less-Deferred tax provided/reversed	(0.23)	0.08
Balance as at the end of the year	**0.49**	**(0.13)**
Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	13,804.47	9,895.06
Add-Net profit for the year	5,526.04	4,900.49
Less:		
Proposed dividends	(380.28)	(422.53)
Tax on proposed dividends	(61.69)	(68.55)
Interim dividends	(633.80)	-
Tax on interim dividends	(102.82)	-
Transfer to general reserves	(1,100.00)	(500.00)
Balance as at the end of the year	**17,051.92**	**13,804.47**
Total	**26,036.20**	**21,688.13**

NOTE 5 DEFERRED TAX LIABILITIES (NET)

(₹ in Crores)

Particulars	FY2012	FY2011
Deferred tax asset:		
Voluntary retirement expenditure	15.31	5.49
On timing differences on expenses	3.60	1.52
On others	0.29	0.06
	19.20	**7.07**
Deferred tax liability:		
Related to fixed assets	1,048.26	902.52
On investments	79.29	40.55
On others	0.46	8.70
	1,128.01	**951.77**
Total	**1,108.81**	**944.70**

NOTE 6 OTHER LONG TERM LIABILITIES

(₹ in Crores)

Particulars	FY2012	FY2011
Security deposits	16.49	20.07
Other liabilities	0.66	3.72
Total	**17.15**	**23.79**

NOTE 7 SHORT TERM BORROWINGS

(₹ in Crores)

Particulars	FY2012	FY2011
Unsecured loan		
From other than Banks	0.39	0.39
(Repayable based on fullfilment of certain conditions stipulated in contract)		
Total	**0.39**	**0.39**

NOTE 8 OTHER CURRENT LIABILITIES

(₹ in Crores)

Particulars	FY2012	FY2011
Unpaid dividends	1.27	0.68
Unpaid matured deposits and interest accrued thereon	0.08	0.08
Other payables		
Due to related parties	10.49	7.91
Security and other deposits	237.38	278.24
Advance from customers	63.99	45.82
Other (includes statutory payables, employee benefits, fixed assets creditors etc.)	249.94	282.84
Total	**563.15**	**615.57**

NOTE 9 SHORT TERM PROVISIONS

(₹ in Crores)

Particulars	FY2012	FY2011
Proposed dividend	380.28	422.53
Tax on proposed dividend	61.69	68.55
Provision for tax (Net)	-	76.00
Total	**441.97**	**567.08**

NOTE 10 FIXED ASSETS

(₹ in Crores)

Particulars	Gross Block						Accumulated Depreciation				Net Block	
	As at 31.03.2011	Additions	Deductions / Adjustments	As at 31.03.2012	Adjustment for grant	Net Gross Block as at 31.03.2012	Upto 31.03.2011	Provided during the year	Deductions / Adjustments	Upto 31.03.2012	As at 31.03.2011	As at 31.03.2012
A Tangible Assets												
Land												
Freehold Land	32.44	44.67	-	77.11	-	77.11	-	-	-	-	32.44	77.11
Leasehold Land	45.36	46.98	0.71	91.63	-	91.63	-	-	-	-	45.36	91.63
Sub Total	**77.80**	**91.65**	**0.71**	**168.74**	**-**	**168.74**	**-**	**-**	**-**	**-**	**77.80**	**168.74**
Buildings	907.28	110.98	0.56	1,017.70	0.25	1,017.45	87.87	26.88	0.48	114.27	819.16	903.18
Railway siding	11.00	-	0.37	10.63	-	10.63	7.49	0.44	0.35	7.58	3.51	3.05
Mine Development expenses	59.88	39.07	-	98.95	-	98.95	59.88	8.97	-	68.85	-	30.10
Plant and Equipment	8,467.97	1,609.93	15.81	10,062.09	14.11	10,047.98	2,268.76	553.40	13.75	2,808.41	6,185.10	7,239.57
Furniture and Fixtures	18.64	2.46	0.46	20.64	-	20.64	8.25	1.63	0.41	9.47	10.39	11.17
Vehicles	20.09	5.29	0.82	24.56	-	24.56	6.53	2.14	0.51	8.16	13.56	16.40
Office equipment	146.61	15.71	0.79	161.53	2.04	159.49	54.39	12.14	0.55	65.98	90.18	93.51
Total tangible assets	**9,709.27**	**1,875.09**	**19.52**	**11,564.84**	**16.40**	**11,548.44**	**2,493.17**	**605.60**	**16.05**	**3,082.72**	**7,199.70**	**8,465.72**
Previous year	8,147.60	1,567.34	5.67	9,709.27	16.40	9,692.87	2,029.31	467.83	3.97	2,493.17		
B Intangible Assets												
Computer software	11.05	-	-	11.05	-	11.05	7.90	2.74	-	10.64	3.15	0.41
Investment in shares	98.41	-	-	98.41	-	98.41	47.05	4.67	-	51.72	51.36	46.69
Total intangible assets	**109.46**	**-**	**-**	**109.46**	**-**	**109.46**	**54.95**	**7.41**	**-**	**62.36**	**54.51**	**47.10**
Previous year	109.46	-	-	-	-	109.46	47.26	7.69	-	54.95	-	-

NOTE 11 NON CURRENT INVESTMENTS (TRADE, UNQUOTED AND AVAILABLE FOR SALE)

(₹ in Crores)

Particulars	FY2012	FY2011
Equity Investments in Joint Venture - Madanpur South Coal Company Limited (at cost)		
1,90,354 equity shares of ₹ 10 each (FY2011: 1,64,600 equity shares of ₹ 10 each)	2.59	2.08
Total	**2.59**	**2.08**

NOTE 12 LONG TERM LOANS AND ADVANCES

(₹ in Crores)

Particulars	FY2012	FY2011
Unsecured, considered good		
Capital advances	159.98	280.41
Advance to related party	0.13	0.52
MAT credit entitlement	457.12	322.75
Loans to employees	10.69	13.05
Total	**627.92**	**616.73**

NOTE 13 OTHER NON-CURRENT ASSETS

(₹ in Crores)

Particulars	FY2012	FY2011
Interest receivable	14.61	-
Deposits with Government departments etc.,	67.34	55.37
Others-Claims receivables	81.64	74.40
Total	**163.59**	**129.77**

NOTE 14 CURRENT INVESTMENTS (HELD FOR TRADING) - AT FAIR VALUE

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of Bonds	FY2012	Total number of Bonds	FY2011
Investments in bonds - Quoted					
11.8 %, Tata Iron and Steel Company Perpetual, Non convertible debentures	1,000,000	2,246	238.64	-	-
Tax free secured , Redeemable Non convertible Bonds -National Highways Authority of India	1,000	1,236,188	127.85	-	-
Tax free secured , Redeemable Non convertible Bonds - Power Finance Corporation Limited	1,000	1,423,924	146.95	-	-
Tax free secured , Redeemable Non convertible Bonds - Indian Railway Finance Corporation	1,000	1,087,537	108.86	-	-
Tax free secured , Redeemable Non convertible Bonds - Housing and Urban Development Corporation Limited	1,000	5,000,000	481.74	-	-
Tax free secured , Redeemable Non convertible Bonds - Rural Electrification Corporation	1,000	2,755,720	275.57	-	-
Aggregate of quoted investments			**1,379.61**		**-**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2012

NOTE 14 (CONTD.)

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of units	FY2012	Total number of units	FY2011
Investments in mutual funds -Unquoted					
AXIS FMP Series 15 - 370 Days - IP	10	40,000,000	41.85	-	-
Birla Sun Life Fixed Term Plan Series CR	10			100,000,000	101.33
AXIS FMP Series 21 - 394 Days - IP	10	20,000,000	20.20	-	-
Birla Sun Life Cash Plus Institutional Premium	100	873,629	15.00	-	-
Birla Sun Life Fixed Term Plan Seires CD	10	-	-	100,000,000	106.65
Birla Sun Life Fixed Term Plan Seires CF	10	-	-	100,000,000	103.05
Birla Sun Life Fixed Term Plan Seires CJ	10	-	-	85,000,000	87.19
Birla Sun Life Fixed Term Plan Seires CK	10	-	-	105,000,000	107.15
Birla Sun Life Fixed Term Plan Seires CL	10	-	-	50,000,000	51.02
Birla Sun Life Fixed Term Plan Seires CM	10	-	-	200,000,000	203.80
Birla Sun Life Fixed Term Plan Seires CO	10	-	-	100,000,000	101.68
Birla Sun Life Fixed Term Plan Seires CP	10	-	-	75,000,000	76.17
Birla Sun Life Fixed Term Plan Seires CT	10	-	-	130,000,000	131.41
Birla Sun Life Fixed Term Plan Seires CU	10	-	-	100,000,000	100.79
Birla Sun Life Fixed Term Plan Seires CW	10	-	-	75,000,000	75.60
Birla Sun Life Fixed Term Plan Series DB	10	85,000,000	92.09	-	-
Birla Sun Life Fixed Term Plan Series DD	10	80,000,000	86.19	-	-
Birla Sun Life Fixed Term Plan Series DE	10	110,000,000	117.12	-	-
Birla Sun Life Fixed Term Plan Series DH	10	22,000,000	23.34	-	-
Birla Sun Life Fixed Term Plan Series DN	10	65,000,000	67.73	-	-
Birla Sun Life Fixed Term Plan Series DO	10	50,000,000	51.95	-	-
Birla Sun Life Fixed Term Plan Series DS	10	40,000,000	41.30	-	-
Birla Sun Life Fixed Term Plan Series DT	10	125,000,000	128.28	-	-
Birla Sun Life Fixed Term Plan Series DX	10	70,000,000	71.52	-	-
Birla Sun Life Fixed Term Plan Series DY	10	50,000,000	51.07	-	-
Birla Sun Life Fixed Term Plan Series EA	10	20,000,000	20.44	-	-
Birla Sun Life Fixed Term Plan Series EB	10	75,000,000	76.23	-	-
Birla Sun Life Fixed Term Plan Series EE	10	65,000,000	65.97	-	-
Birla Sun Life Fixed Term Plan Series EF	10	50,000,000	50.73	-	-
Birla Sun Life Fixed Term Plan Series EG	10	40,000,000	40.51	-	-
Birla Sun Life Fixed Term Plan Series EI	10	125,000,000	126.34	-	-
Birla Sun Life Fixed Term Plan Series EK	10	45,000,000	45.47	-	-
Birla Sun Life Fixed Term Plan Series EM	10	80,000,000	80.72	-	-
Birla Sun Life Fixed Term Plan Series EP	10	20,000,000	20.17	-	-
Birla Sun Life Fixed Term Plan Series ES	10	100,000,000	100.76	-	-

NOTE 14 (CONTD.)

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of units	FY2012	Total number of units	FY2011
Investments in mutual funds -Unquoted					
Birla Sun Life Fixed Term Plan Series EU	10	15,000,000	15.15	-	-
Birla Sun Life Fixed Term Plan Series EV	10	150,000,000	151.43	-	-
Birla Sun Life Fixed Term Plan Series EW	10	100,000,000	100.75	-	-
Birla Sun Life Fixed Term Plan Series FA	10	100,000,000	100.29	-	-
Birla Sun Life Fixed Term Plan Series FC	10	80,000,000	80.13	-	-
Canara Robeco FMP - Series 6 - 13 Months (Plan A)	10	-	-	40,000,000	40.59
Canara Robeco FMP - Series 7 - Plan A - (367 Days)	10	40,000,000	40.11	-	-
Deutsche Fixed Maturity Plan - Series 1 - IP	10	30,000,000	30.45	-	-
Deutsche Fixed Maturity Plan - Series 10 - IP	10	30,000,000	30.14	-	-
Deutsche Fixed Maturity Plan - Series 11 - IP	10	25,000,000	25.08	-	-
Deutsche Fixed Maturity Plan - Series 3 - IP	10	25,000,000	25.24	-	-
Deutsche Fixed Maturity Plan - Series 5 - IP	10	38,000,000	38.31	-	-
Deutsche Fixed Maturity Plan - Series 6 - IP	10	25,000,000	25.24	-	-
Deutsche Fixed Maturity Plan - Series 7 - IP	10	50,000,000	50.50	-	-
Deutsche Fixed Maturity Plan - Series 9 - IP	10	45,000,000	45.31	-	-
Deutsche Fixed Term Fund - Series 67	10	-	-	50,000,000	53.36
Deutsche Fixed Term Fund - Series 94 - IP	10	20,000,000	20.46	-	-
Deutsche Fixed Term Fund - Series 95 - IP	10	25,000,000	25.53	-	-
Deutsche Insta Cash Plus Fund - Super Institutional Plan	100	3,015,518	42.02	-	-
DSP Blackrock FMP 12M - Series 10 - IP	10	-	-	70,000,000	71.36
DSP Blackrock FMP 12M - Series 12 - IP	10	-	-	60,000,000	60.89
DSP Blackrock FMP 12M - Series 13 - IP	10	-	-	250,000,000	253.10
DSP Blackrock FMP 12M - Series 14 - IP	10	-	-	150,000,000	151.68
DSP Blackrock FMP 12M - Series 15 - IP	10	-	-	100,000,000	100.64
DSP Blackrock FMP 12M - Series 17 - IP	10	-	-	125,000,000	125.53
DSP Blackrock FMP 12M - Series 18 - IP	10	40,000,000	43.91	40,000,000	40.05
DSP Blackrock FMP 12M - Series 19 - IP	10	35,000,000	38.03	-	-
DSP Blackrock FMP 12M - Series 20 - IP	10	35,000,000	37.78	-	-
DSP Blackrock FMP 12M - Series 23 - IP	10	25,000,000	26.75	-	-
DSP Blackrock FMP 12M - Series 6 - IP	10	25,000,000	26.25	-	-
DSP Blackrock FMP 13M - Series 3 - IP	10	-	-	20,000,000	21.32
DSP Blackrock FMP Series 18 - 12 M - IP	10	20,000,000	20.59	-	-
DSP Blackrock FMP Series 20 - 12 M - IP	10	35,000,000	35.88	-	-
DSP Blackrock FMP Series 23 - 12 M - IP	10	100,000,000	102.02	-	-

NOTE 14 (CONTD.)

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of units	FY2012	Total number of units	FY2011
Investments in mutual funds -Unquoted					
DSP Blackrock FMP Series 24 - 12 M - IP	10	20,000,000	20.36	-	-
DSP Blackrock FMP Series 32 - 12 M - IP	10	75,000,000	75.58	-	-
DSP Blackrock FMP Series 34 - 12 M - IP	10	80,000,000	80.45	-	-
DSP Blackrock FMP Series 36 - 12 M - IP	10	35,000,000	35.21	-	-
DSP Blackrock FMP Series 37 - 13M - IP	10	81,000,000	81.65	-	-
DSP Blackrock FMP Series 39 - 12 M - IP	10	100,000,000	100.47	-	-
DSP Blackrock FMP Series 43 - 12 M - IP	10	70,000,000	70.00	-	-
DSP Blackrock Liquidity Fund - IP	1,000	130,334	20.01	-	-
HDFC Floating Rate Income Fund - Long Term Plan	10	-	-	131,372,668	221.91
HDFC FMP 13M - March 2010 - 2 - IP	10	-	-	35,000,000	37.41
HDFC FMP 13M - September 2011 - 1 - IP	10	125,000,000	130.72	-	-
HDFC FMP 14M - March 2010 - IP	10	-	-	50,000,000	53.49
HDFC FMP 367D - March 2010 - 1 - IP	10	-	-	20,000,000	21.42
HDFC FMP 370 D - December 2011 - 1 - IP	10	30,000,000	30.63	-	-
HDFC FMP 370 D - December 2011 - 2 - IP	10	50,000,000	51.04	-	-
HDFC FMP 370 D - February 2012 - 1 - IP	10	30,000,000	30.33	-	-
HDFC FMP 370 D - February 2012 - 2 - IP	10	60,000,000	60.54	-	-
HDFC FMP 370 D - January 2012 - 2 - IP	10	20,000,000	20.32	-	-
HDFC FMP 370 D - January 2012 - 3 - IP	10	50,000,000	50.80	-	-
HDFC FMP 370 D - January 2012 - 4 - IP	10	75,000,000	75.97	-	-
HDFC FMP 370 D - November 2011 - 2 - IP	10	30,000,000	30.82	-	-
HDFC FMP 370 D - November 2011 - 3 - IP	10	30,000,000	30.78	-	-
HDFC FMP 370D - July 2011 - 1 - IP	10	25,000,000	26.65	-	-
HDFC FMP 370D - July 2011 - 2 - IP	10	200,000,000	211.84	-	-
HDFC FMP 370D - June 2010 - 1 - IP	10	-	-	25,000,000	26.19
HDFC FMP 370D - June 2010 - 2 - IP	10	-	-	35,000,000	36.49
HDFC FMP 370D - June 2011 - 2 - IP	10	30,000,000	32.22	-	-
HDFC FMP 370D - June 2011 - 3 - IP	10	25,000,000	26.77	-	-
HDFC FMP 370D - March 2011 - 2 - IP	10	-	-	40,000,000	40.44
HDFC FMP 370D - March 2011 - 3 - IP	10	-	-	50,000,000	50.41
HDFC FMP 370D - March 2011 - 4 - IP	10	-	-	50,000,000	50.22
HDFC FMP 370D - March 2011 - 5 - IP	10	35,000,000	38.42	35,000,000	35.09
HDFC FMP 370D - May 2011 - 1 - IP	10	90,000,000	97.33	-	-
HDFC FMP 370D - May 2011 - 2 - IP	10	20,000,000	21.60	-	-
HDFC FMP 390 D - March 2012 - 1 - IP	10	50,000,000	50.03	-	-

NOTE 14 (CONTD.)

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of units	FY2012	Total number of units	FY2011
Investments in mutual funds -Unquoted					
ICICI Prudential FMP Series 51 - 13 Months - Plan C - IP	10	-	-	50,000,000	53.52
ICICI Prudential FMP Series 51 - 14 Months - Plan D - IP	10	-	-	40,000,000	42.91
ICICI Prudential FMP Series 51 - One Year Plan B - IP	10	-	-	30,000,000	32.08
ICICI Prudential FMP Series 52 - One Year Plan A - IP	10	-	-	20,000,000	21.27
ICICI Prudential FMP Series 53 - One Year Plan A - IP	10	-	-	100,000,000	103.14
ICICI Prudential FMP Series 53 - One Year Plan D - IP	10	-	-	100,000,000	102.45
ICICI Prudential FMP Series 53 - One Year Plan E - IP	10	-	-	90,000,000	91.84
ICICI Prudential FMP Series 53 - One Year Plan F - IP	10	-	-	95,000,000	96.88
ICICI Prudential FMP Series 54 - One Year Plan A - IP	10	35,000,000	38.42	35,000,000	35.09
ICICI Prudential FMP Series 54 - One Year Plan C - IP	10	60,000,000	65.36	-	-
ICICI Prudential FMP Series 54 - One Year Plan D - IP	10	40,000,000	43.60	-	-
ICICI Prudential FMP Series 55 - One Year Plan A - IP	10	-	-	200,000,000	203.49
ICICI Prudential FMP Series 55 - One Year Plan B - IP	10	-	-	225,000,000	228.68
ICICI Prudential FMP Series 55 - One Year Plan C - IP	10	-	-	93,000,000	94.46
ICICI Prudential FMP Series 55 - One Year Plan D - IP	10	-	-	50,000,000	50.72
ICICI Prudential FMP Series 55 - One Year Plan F - IP	10	-	-	130,000,000	131.26
ICICI Prudential FMP Series 55 - One Year Plan G - IP	10	40,000,000	43.31	-	-
ICICI Prudential FMP Series 56 - One Year Plan A - IP	10	-	-	200,000,000	201.84
ICICI Prudential FMP Series 56 - One Year Plan B - IP	10	-	-	125,000,000	125.99
ICICI Prudential FMP Series 56 - One Year Plan D - IP	10	-	-	50,000,000	50.18
ICICI Prudential FMP Series 56 - One Year Plan E - IP	10	50,000,000	54.39	-	-
ICICI Prudential FMP Series 57- One Year Plan A - IP	10	35,000,000	37.86	-	-
ICICI Prudential FMP Series 59- One Year Plan A - IP	10	50,000,000	52.98	-	-
ICICI Prudential FMP Series 59- One Year Plan B - IP	10	45,000,000	47.23	-	-
ICICI Prudential FMP Series 59- One Year Plan F - IP	10	60,000,000	61.28	-	-
ICICI Prudential FMP Series 60- One Year Plan D - IP	10	25,000,000	25.68	-	-
ICICI Prudential FMP Series 60- One Year Plan F - IP	10	60,000,000	61.42	-	-
ICICI Prudential FMP Series 60- One Year Plan J - IP	10	50,000,000	50.95	-	-
ICICI Prudential FMP Series 61- One Year Plan A - IP	10	100,000,000	101.10	-	-
ICICI Prudential FMP Series 61- One Year Plan C - IP	10	75,000,000	76.09	-	-
ICICI Prudential FMP Series 62- 396 Days - Plan F - IP	10	125,000,000	126.30	-	-
ICICI Prudential FMP Series 62- One Year Plan A - IP	10	50,000,000	50.53	-	-
ICICI Prudential FMP Series 62- One Year Plan B - IP	10	50,000,000	50.50	-	-
ICICI Prudential FMP Series 62- One Year Plan C - IP	10	25,000,000	25.25	-	-
ICICI Prudential FMP Series 63 - 1 year - Plan B - IP	10	70,000,000	70.35	-	-

NOTE 14 (CONTD.)

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of units	FY2012	Total number of units	FY2011
Investments in mutual funds -Unquoted					
ICICI Prudential FMP Series 63 - 1 year - Plan C - IP	10	100,000,000	100.19	-	-
ICICI Prudential FMP Series 63 - 1 year - Plan E - IP	10	100,000,000	100.00	-	-
ICICI Prudential FMP Series 63 - 376 Days - Plan J - IP	10	70,000,000	70.29	-	-
ICICI Prudential FMP Series 63 - 378 Days - Plan I - IP	10	100,000,000	100.42	-	-
ICICI Prudential FMP Series 63- 384 Days - Plan A - IP	10	120,000,000	120.76	-	-
ICICI Prudential Interval Fund - Half Yearly Interval Plan I - IP	10	-	-	133,542,075	133.78
ICICI Prudential Interval Fund- Annual Interval Plan I - IP	10	111,161,546	125.87	-	-
ICICI Prudential Interval Fund- Annual Interval Plan II - IP	10	-	-	21,129,902	27.83
ICICI Prudential Interval Fund- Annual Interval Plan III - IP	10	-	-	49,991,002	51.51
ICICI Prudential Interval Fund- Annual Interval Plan IV - IP	10	22,151,723	28.69	-	-
IDFC Cash Fund Plan C - Super IP	1,000	230,029	30.02	-	-
IDFC Fixed Maturity Plan - 13 Month - Series 5	10	-	-	25,000,000	26.60
IDFC Fixed Maturity Plan - 14 Month - Series 1	10	-	-	45,000,000	48.29
IDFC Fixed Maturity Plan – Thirteen Months Series 7 - IP	10	75,000,000	75.77	-	-
IDFC Fixed Maturity Plan Yearly Series 35 -IP	10	-	-	75,000,000	76.53
IDFC Fixed Maturity Plan Yearly Series 36 -IP	10	-	-	30,000,000	30.55
IDFC Fixed Maturity Plan Yearly Series 37 -IP	10	-	-	100,000,000	101.59
IDFC Fixed Maturity Plan Yearly Series 40 -IP	10	-	-	50,000,000	50.51
IDFC Fixed Maturity Plan Yearly Series 41 -IP	10	-	-	50,000,000	50.43
IDFC Fixed Maturity Plan Yearly Series 43 -IP	10	25,000,000	26.77	-	-
IDFC Fixed Maturity Plan Yearly Series 45 -IP	10	40,000,000	42.32	-	-
IDFC Fixed Maturity Plan Yearly Series 46 -IP	10	27,000,000	28.34	-	-
IDFC Fixed Maturity Plan Yearly Series 48 -IP	10	30,000,000	30.33	-	-
IDFC Fixed Maturity Plan Yearly Series 49 -IP	10	62,000,000	62.63	-	-
IDFC Fixed Maturity Plan Yearly Series 51 -IP	10	20,000,000	20.18	-	-
IDFC Fixed Maturity Plan Yearly Series 53 -IP	10	25,000,000	25.82	-	-
IDFC Fixed Maturity Plan Yearly Series 54 -IP	10	50,000,000	51.48	-	-
IDFC Fixed Maturity Plan Yearly Series 56 -IP	10	40,000,000	41.04	-	-
IDFC Fixed Maturity Plan Yearly Series 57 -IP	10	20,000,000	20.47	-	-
IDFC Fixed Maturity Plan Yearly Series 58 -IP	10	30,000,000	30.65	-	-
IDFC Fixed Maturity Plan Yearly Series 59 -IP	10	30,000,000	30.62	-	-
IDFC Fixed Maturity Plan Yearly Series 61 -IP	10	60,000,000	60.95	-	-

NOTE 14 (CONTD.)

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of units	FY2012	Total number of units	FY2011
Investments in mutual funds -Unquoted					
IDFC Fixed Maturity Plan Yearly Series 64 -IP	10	75,000,000	75.58	-	-
IDFC Fixed Maturity Plan Yearly Series 65 -IP	10	25,000,000	25.10	-	-
JP Morgan India FMP - Series 6 - IP	10	150,000,000	151.06	-	-
JP Morgan India FMP - Series 8 - IP	10	110,000,000	110.30	-	-
JPMorgan India Liquid Fund - Super Institutional Plan	10	18,711,901	26.01	-	-
Kotak FMP 13 M Series 6	10	-	-	75,000,000	80.82
Kotak FMP 370 Days Series 2	10	-	-	60,000,000	63.95
Kotak FMP 370 Days Series 3	10	-	-	70,000,000	74.64
Kotak FMP 370 Days Series 7	10	-	-	50,000,000	51.49
Kotak FMP 370 Days Series 8	10	-	-	25,000,000	25.74
Kotak FMP Series 28 - IP	10	-	-	60,000,000	60.98
Kotak FMP Series 29 - IP	10	-	-	100,000,000	101.61
Kotak FMP Series 30 - IP	10	-	-	50,000,000	50.79
Kotak FMP Series 32 - IP	10	-	-	40,000,000	40.63
Kotak FMP Series 34 - IP	10	-	-	100,000,000	101.09
Kotak FMP Series 37 - IP	10	-	-	50,000,000	50.44
Kotak FMP Series 40 - IP	10	-	-	125,000,000	125.49
Kotak FMP Series 41 - IP	10	50,000,000	55.02	50,000,000	50.06
Kotak FMP Series 42 - IP	10	-	-	55,000,000	55.28
Kotak FMP Series 43 - IP	10	-	-	75,000,000	75.09
Kotak FMP Series 44 - IP	10	50,000,000	54.49	-	-
Kotak FMP Series 45 - IP	10	20,000,000	21.74	-	-
Kotak FMP Series 46 - IP	10	50,000,000	54.12	-	-
Kotak FMP Series 51 - IP	10	50,000,000	53.60	-	-
Kotak FMP Series 52 - IP	10	25,000,000	26.70	-	-
Kotak FMP Series 54 - IP	10	15,000,000	15.88	-	-
Kotak FMP Series 56 - IP	10	20,000,000	21.05	-	-
Kotak FMP Series 62 - IP	10	20,000,000	20.71	-	-
Kotak FMP Series 68 - IP	10	25,000,000	25.55	-	-
Kotak FMP Series 69 - IP	10	45,000,000	45.87	-	-
Kotak FMP Series 70 - IP	10	30,000,000	30.44	-	-
Kotak FMP Series 72 - IP	10	24,000,000	24.33	-	-
Kotak FMP Series 74 - IP	10	45,000,000	45.47	-	-
Kotak FMP Series 75 - IP	10	80,000,000	80.70	-	-

NOTE 14 (CONTD.)

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of units	FY2012	Total number of units	FY2011
Investments in mutual funds -Unquoted					
Kotak FMP Series 76 - IP	10	100,000,000	101.06	-	-
Kotak FMP Series 78 - IP	10	30,000,000	30.30	-	-
Kotak FMP Series 80 - IP	10	100,000,000	100.58	-	-
Kotak FMP Series 82 - IP	10	25,000,000	25.10	-	-
Kotak FMP Series 83 - IP	10	100,000,000	100.00	-	-
Kotak FMP Series 84 - IP	10	100,000,000	100.00	-	-
Reliance Fixed Horizon Fund - XIV Series 1 Super IP	10	-	-	100,000,000	107.56
Reliance Fixed Horizon Fund - XIV Series 5 Super IP	10	-	-	50,000,000	53.15
Reliance Fixed Horizon Fund - XIX Series 1 Super IP	10	-	-	70,000,000	70.95
Reliance Fixed Horizon Fund - XIX Series 10 Super IP	10	50,000,000	55.00	50,000,000	50.00
Reliance Fixed Horizon Fund - XIX Series 11 Super IP	10	-	-	75,000,000	75.38
Reliance Fixed Horizon Fund - XIX Series 4 Super IP	10	50,000,000	54.38	-	-
Reliance Fixed Horizon Fund - XIX Series 8 Super IP	10	-	-	100,000,000	101.14
Reliance Fixed Horizon Fund - XIX Series 9 Super IP	10	-	-	70,000,000	70.61
Reliance Fixed Horizon Fund - XV Series 4 Super IP	10	-	-	50,000,000	52.95
Reliance Fixed Horizon Fund - XV Series 6 Super IP	10	-	-	200,000,000	208.71
Reliance Fixed Horizon Fund - XV Series 9 Super IP	10	-	-	40,000,000	41.34
Reliance Fixed Horizon Fund - XVI Series 1 Super IP	10	-	-	50,000,000	51.65
Reliance Fixed Horizon Fund - XVII Series 1 Super IP	10	-	-	120,000,000	123.01
Reliance Fixed Horizon Fund - XVII Series 2 Super IP	10	-	-	100,000,000	102.06
Reliance Fixed Horizon Fund - XVII Series 4 Super IP	10	-	-	245,000,000	250.09
Reliance Fixed Horizon Fund - XVII Series 6 Super IP	10	-	-	200,000,000	203.73
Reliance Fixed Horizon Fund - XX Series 19 Super IP	10	10,000,000	10.76	-	-
Reliance Fixed Horizon Fund - XX Series 22 Super IP	10	50,000,000	53.31	-	-
Reliance Fixed Horizon Fund - XX Series 24 Super IP	10	44,000,000	46.39	-	-
Reliance Fixed Horizon Fund - XXI Series 13 Super IP	10	60,000,000	61.83	-	-
Reliance Fixed Horizon Fund - XXI Series 14 Super IP	10	55,000,000	56.51	-	-
Reliance Fixed Horizon Fund - XXI Series 16 Super IP	10	65,000,000	66.51	-	-
Reliance Fixed Horizon Fund - XXI Series 9 Super IP	10	100,000,000	101.03	-	-
Reliance Fixed Horizon Fund XXI - Series 11 Super IP	10	110,000,000	110.30	-	-
Reliance Fixed Horizon Fund XXI - Series 12 Super IP	10	110,000,000	110.30	-	-
Reliance Fixed Horizon Fund XXI - Series 18 Super IP	10	180,000,000	181.55	-	-
Reliance Fixed Horizon Fund XXI - Series 2 Super IP	10	105,000,000	107.08	-	-
Reliance Fixed Horizon Fund XXI - Series 4 Super IP	10	90,000,000	91.51	-	-

NOTE 14 (CONTD.)

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of units	FY2012	Total number of units	FY2011
Investments in mutual funds -Unquoted					
Reliance Fixed Horizon Fund XXI - Series 5 Super IP	10	330,000,000	335.22	-	-
Reliance Fixed Horizon Fund XXI - Series 6 Super IP	10	170,000,000	172.13	-	-
Reliance Fixed Horizon Fund XXI - Series 8 Super IP	10	45,000,000	45.40	-	-
Reliance Liquid Fund Treasury Plan - IP	10	19,158,556	50.03	-	-
Reliance Quarterly Interval Fund Series I - IP	10	-	-	152,055,454	155.52
Religare Fixed Maturity Plan Series II - Plan A - IP	10	-	-	125,000,000	134.50
Religare Fixed Maturity Plan Series II - Plan B - IP	10	-	-	125,000,000	134.50
Religare Fixed Maturity Plan Series II - Plan C - IP	10	-	-	150,000,000	160.16
Religare Fixed Maturity Plan Series II - Plan F - IP	10	-	-	100,000,000	106.59
Religare Fixed Maturity Plan Series III - Plan A - IP	10	-	-	50,000,000	52.53
Religare Fixed Maturity Plan Series III - Plan C - IP	10	-	-	50,000,000	52.21
Religare Fixed Maturity Plan Series III - Plan D - IP	10	-	-	40,000,000	41.56
Religare Fixed Maturity Plan Series IV - Plan E - IP	10	-	-	30,000,000	30.77
Religare Fixed Maturity Plan Series IV - Plan F - IP	10	-	-	35,000,000	35.73
Religare Fixed Maturity Plan Series IX – Plan B - IP	10	35,000,000	36.62	-	-
Religare Fixed Maturity Plan Series V - Plan A - IP	10	-	-	45,000,000	45.80
Religare Fixed Maturity Plan Series VI - Plan B - IP	10	-	-	25,000,000	25.28
Religare Fixed Maturity Plan Series VI - Plan D - IP	10	-	-	35,000,000	35.29
Religare Fixed Maturity Plan Series VI - Plan E - IP	10	-	-	25,000,000	25.00
Religare Fixed Maturity Plan Series VII - Plan C - IP	10	45,000,000	48.85	-	-
Religare Fixed Maturity Plan Series VIII - Plan A - IP	10	28,000,000	30.14	-	-
Religare Fixed Maturity Plan Series VIII - Plan F - IP	10	20,000,000	20.99	-	-
Religare Fixed Maturity Plan Series X – Plan B - IP	10	15,000,000	15.48	-	-
Religare Fixed Maturity Plan Series X – Plan E - 371 DAYS - IP	10	23,000,000	23.61	-	-
Religare Fixed Maturity Plan Series X – Plan F - 371 DAYS - IP	10	25,000,000	25.65	-	-
Religare Fixed Maturity Plan Series XI – Plan A - 369 DAYS - IP	10	20,000,000	20.47	-	-
Religare Fixed Maturity Plan Series XI – Plan E - 371 DAYS - IP	10	20,000,000	20.44	-	-
Religare Fixed Maturity Plan Series XII – Plan C - IP	10	20,000,000	20.23	-	-
Religare Fixed Maturity Plan Series XIII – Plan A - IP	10	20,000,000	20.15	-	-
Religare FMP Series XIII – Plan C - 13 Months - IP	10	20,000,000	20.15	-	-
Religare FMP Series XIII – Plan D - 386 Days - IP	10	15,000,000	15.13	-	-
Religare FMP Series XIII - Plan F - 385 Days - IP	10	30,000,000	30.22	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2012

NOTE 14 (CONTD.)

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of units	FY2012	Total number of units	FY2011
Investments in mutual funds -Unquoted					
Religare FMP Series XIV - Plan A - 373 Days - IP	10	38,000,000	38.00	-	-
Religare FMP Series XIV - Plan B - 378 Days - IP	10	34,000,000	34.00	-	-
Religare Liquid Fund - Super IP	1,000	135,734	20.01	-	-
SBI SDFS 13 - 367 Days - Series 19 - IP	10	100,000,000	100.00	-	-
SBI SDFS 13 Months 12 - IP	10	50,000,000	50.47	-	-
SBI SDFS 367 Days - Series 16 - IP	10	75,000,000	75.78	-	-
SBI SDFS 370 Days - Series 10 - IP	10	-	-	75,000,000	76.04
SBI SDFS 370 Days - Series 3 - IP	10	-	-	100,000,000	106.04
SBI SDFS 370 Days - Series 9 - IP	10	-	-	100,000,000	101.70
TATA Fixed Maturity Plan Series 26 - Scheme A	10	-	-	20,000,000	21.31
TATA Fixed Maturity Plan Series 27 - Scheme A	10	-	-	50,000,000	51.92
TATA Fixed Maturity Plan Series 29 - Scheme B	10	-	-	40,000,000	41.03
TATA Fixed Maturity Plan Series 29 - Scheme C	10	-	-	50,000,000	51.21
TATA Fixed Maturity Plan Series 30 - Scheme A	10	-	-	100,000,000	102.00
TATA Fixed Maturity Plan Series 31 - Scheme B	10	-	-	40,000,000	40.42
TATA Fixed Maturity Plan Series 31 - Scheme C	10	-	-	22,000,000	22.13
TATA Fixed Maturity Plan Series 34 - Scheme B	10	85,000,000	92.02	-	-
TATA Fixed Maturity Plan Series 34 - Scheme C	10	45,000,000	48.75	-	-
TATA Fixed Maturity Plan Series 36 - Scheme A	10	10,000,000	10.68	-	-
TATA Fixed Maturity Plan Series 36 - Scheme C	10	30,000,000	31.38	-	-
TATA Fixed Maturity Plan Series 37 - Scheme C	10	30,000,000	30.92	-	-
TATA Fixed Maturity Plan Series 37 - Scheme D	10	25,000,000	25.65	-	-
TATA Fixed Maturity Plan Series 38 - Scheme D	10	20,000,000	20.42	-	-
TATA Fixed Maturity Plan Series 38 - Scheme I	10	28,000,000	28.44	-	-
TATA Fixed Maturity Plan Series 39 - Scheme A	10	24,000,000	24.31	-	-
TATA Fixed Maturity Plan Series 39 - Scheme G - 386 Days	10	50,000,000	50.52	-	-
TATA Fixed Maturity Plan Series 39 - Scheme H	10	30,000,000	30.18	-	-
TATA Fixed Maturity Plan Series 39 - Scheme I	10	20,000,000	20.13	-	-
TATA Fixed Maturity Plan Series 40 - Scheme A	10	25,000,000	25.07	-	-
TATA Liquid Super High Inv.Fund	1,000	-	-	337,013	61.02
UTI Fixed Income Interval Fund - Annual Interval Plan II	10	43,327,932	52.32	-	-
UTI Fixed Income Interval Fund - Annual Interval Plan III	10	17,705,132	25.97	-	-

NOTE 14 (CONTD.)

(₹ in Crores)

Particulars	Face value (in ₹)	Total number of units	FY2012	Total number of units	FY2011
Investments in mutual funds -Unquoted					
UTI Fixed Income Interval Fund - Annual Interval Plan IV - IP	10	36,741,405	40.98	-	-
UTI Fixed Maturity Plan - Yearly FMP Series - YFMP (01 / 11)	10	-	-	50,000,000	51.03
UTI Fixed Term Income Fund Series IX - II (369 Days)	10	45,000,000	49.11	-	-
UTI Fixed Term Income Fund Series X - VI (368 Days)	10	86,000,000	87.29	-	-
UTI Fixed Term Income Fund Series X - VII (368 Days)	10	110,000,000	111.16	-	-
UTI Fixed Term Income Fund Series X - VIII - IP	10	125,000,000	126.10	-	-
UTI Fixed Term Income Fund Series X - X (367 Days)	10	25,000,000	25.26	-	-
UTI Fixed Term Income Fund Series XI - IV (367 days)	10	20,000,000	20.19	-	-
UTI Fixed Term Income Fund Series XI - VII (366 days)	10	120,000,000	120.35	-	-
Aggregate of unquoted investments			**11,312.65**		**9,332.51**
Aggregate of quoted and unquoted investments			**12,692.26**		**9,332.51**

NOTE 15 INVENTORIES

(₹ in Crores)

Particulars	FY2012	FY2011
At lower of cost and net realisable value		
Raw materials - Zinc and Lead concentrate	24.22	19.67
Work-in-progress		
Ore	19.62	51.07
Concentrate	79.46	199.49
Others	188.22	126.86
Finished goods	26.96	31.28
Stores and spares (including goods in transit ₹ 54.22 Crores : FY2011 ₹ 61.33 Crores)	459.46	334.01
Total	**797.94**	**762.38**

NOTE 16 TRADE RECEIVABLES

(₹ in Crores)

Particulars	FY2012	FY2011
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	5.12	2.95
Trade receivables outstanding for a period less than six months from the date they were due for payment	327.33	205.94
Total	**332.45**	**208.89**

NOTE 17 CASH AND CASH EQUIVALENTS

(₹ in Crores)

Particulars	FY2012	FY2011
Cash on hand	0.03	0.15
Balances with banks		
Current accounts	29.02	77.08
Deposit accounts (Refer note below)	5,225.00	5,555.00
Unpaid dividend accounts	1.27	0.68
Total	**5,255.32**	**5,632.91**
Of the above the balance that meet the definition of cash and cash equivalents as per Accounting Standard 3: Cash flow statement .	29.05	277.23

Note -
Balances with banks include deposits amounting to ₹ 4,875 Crores (FY2011: ₹ 5,055 Crores) which have an original maturity of more than twelve months.

NOTE 18 SHORT TERM LOANS AND ADVANCES

(₹ in Crores)

Particulars	FY2012	FY2011
Unsecured and considered good		
Prepaid expenses	14.76	14.24
Loans to employees	2.85	2.56
Balance with central excise and other Government authorities	57.42	85.50
Other advance (includes advances to suppliers and contractors etc.)	158.01	183.92
Taxation (net)	36.93	-
Total	**269.97**	**286.22**

NOTE 19 OTHER CURRENT ASSETS

(₹ in Crores)

Particulars	FY2012	FY2011
Interest receivable	322.81	231.07
Derivative assets	0.39	1.37
Total	**323.20**	**232.44**

NOTE 20 REVENUE FROM OPERATIONS

(₹ in Crores)

Particulars	FY2012	FY2011
Sale of products (gross) *	11,910.92	10,489.82
Other operating revenues:		
Scrap sales	94.04	75.20
Miscellaneous income	56.13	51.83
Revenue from operations (gross)	**12,061.09**	**10,616.85**
Less: Excise duty on revenue from operation	(655.78)	(577.68)
Revenue from operations (net)	**11,405.31**	**10,039.17**

* Includes export benefits ₹ 128.58 Crores (FY2011 : ₹ 76.01 Crores)

DETAIL OF PRODUCTS SOLD

(₹ in Crores)

Particulars	FY2012	FY2011
Zinc metal	8,797.34	8,071.21
Lead metal	1,183.60	728.35
Zinc and Lead concentrate	156.31	640.24
Silver metal	1,131.99	543.59
Wind Energy	123.26	67.70
Others	518.42	438.73
Total	**11,910.92**	**10,489.82**

NOTE 21 OTHER INCOME

(₹ in Crores)

Particulars	FY2012	FY2011
Gain on mark to market of current Investments	268.14	236.87
Interest Income		
Deposits	538.29	322.87
Investments	26.14	-
Others	33.11	24.53
Dividend from current Investments	0.03	240.60
Net gain on sale of current investments	640.63	27.18
Profit on sale of fixed assets (net)	0.69	0.13
Net gain on foreign currency transactions and translation	35.80	13.84
Total	**1,542.83**	**866.02**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2012

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

(₹ in Crores)

Particulars	FY2012	FY2011
Opening Stock		
Finished goods	31.28	16.88
Work in progress		
Ore	51.07	19.24
Concentrate	199.49	110.37
Others	126.86	106.57
	408.70	253.06
Closing Stock		
Finished goods	26.96	31.28
Work in progress		
Ore	19.62	51.07
Concentrate	79.46	199.49
Others	188.22	126.86
	314.26	408.70
Total	**94.44**	**(155.64)**

NOTE 23 EMPLOYEE BENEFITS EXPENSE

(₹ in Crores)

Particulars	FY2012	FY2011
Salaries, wages and incentives	442.61	389.57
Contributions to provident and other funds	41.09	77.10
Staff welfare expenses	50.94	44.11
Total	**534.64**	**510.78**

NOTE 24 FINANCE COST

(₹ in Crores)

Particulars	FY2012	FY2011
Interest expense		
On others	1.29	13.68
Bank charges	12.66	4.60
Total	**13.95**	**18.28**

NOTE 25 OTHER EXPENSES

(₹ in Crores)

Particulars	FY2012	FY2011
Consumption of stores and spare parts	1,046.66	882.91
Power, fuel & water	1,227.84	1,022.60
Machinery repairs	543.02	431.43
Building repairs	23.76	25.30
Other repairs	0.90	1.17
Carriage inward	113.39	141.48
Mine expenses	142.04	90.10
Excise duty*	(7.08)	4.21
Royalty	837.88	803.33
Other manufacturing and operating expenses	140.11	146.32
Rent	1.49	1.18
Rates and taxes	6.35	4.48
Insurance	23.81	23.17
Conveyance and travelling expenses	19.20	19.74
Directors' sitting fees	0.11	0.08
Miscellaneous expenses	110.56	76.60
Payment to auditors		
As auditors-statutory auditors	0.71	0.63
For taxation matters	0.14	0.13
For other services	0.56	0.50
Reimbursement of expenses	0.07	0.09
Watch and ward	19.02	13.75
Grass root exploration expense	45.72	34.64
Research and development expenses	4.80	3.62
Donation	8.03	5.50
Carriage outward	176.89	172.22
Other selling expenses	3.10	1.91
Total	**4,489.08**	**3,907.09**

* Represents excise duty on difference between closing and opening stock

NOTE 26 CURRENT TAX

(₹ in Crores)

Particulars	FY2012	FY2011
Current tax - for the year	1,408.95	1,142.22
Current tax - prior year	(19.89)	6.04
MAT credit entitlement	(134.37)	(322.75)
Total	**1,254.69**	**825.51**

NOTE 27 DEFERRED TAX

(₹ in Crores)

Particulars	FY2012	FY2011
Deferred tax - for the year	135.63	221.29
Deferred tax - prior year	28.18	12.26
Total	**163.81**	**233.55**

NOTE 28 CONTINGENT LIABILITY

(₹ in Crores)

Particulars	As at March 31, 2012	As at March 31, 2011
Claims against the Company not acknowledged as debts (Matters pending in court / arbitration. No cash out flow is expected in future)		
- Suppliers and contractors	61.20	64.59
- Employees, ex-employees and others	59.97	19.93
- Land Tax	0.27	0.27
- Mining cases	333.90	333.90
Guarantees issued by the banks (Bank guarantees are provided under legal / contractual obligation. No cash out flow is expected in future)	62.24	46.02
Sales tax demands (This pertain to disputes in respect of tax rate difference / classification, stock transfer matters. No cash out flow is expected in future)	65.14	34.78
Entry tax demands (This pertain to disputes in respect of entry tax on goods. No cash out flow is expected in future)	27.42	-
Income tax (No cash out flow is expected in future)	749.92	556.86
Excise Duty demands (This pertain to modvat / cenvat credit availed on inputs, capital goods, alleged duty demand on captive use of the goods. No cash out flow is expected in future)	70.52	71.19
Claim for compensation (CLZS land)	Not ascertainable	Not ascertainable

NOTE 29

Estimated amount of contracts remaining to be executed on capital account not provided for ₹ 796.93 Crores (FY2011: ₹ 643.64 Crores)

NOTE 30

The Company had export obligations of ₹ 1,664.75 Crores (FY2011: ₹ 2,504.45 Crores) 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 to be fulfilled over the next eight years. If the Company is unable to meet these obligations, its liabilities currently unprovided would be ₹ 239.31 Crores (FY2011: ₹ 360.01 Crores) reduced in proportion to actual export.

NOTE 31

The title deeds are still to be executed in respect of 10.63 acres of freehold land at Vishakapatnam.

NOTE 32

Joint Venture

a. The Company has access to upto 31.5 Million tonnes of coal as a partner in the joint venture "Madanpur South Coal Company Limited" where it holds 18.05% of ownership interest (FY2011: 18.05%).

b. Interest in joint venture :

Name	Country of incorporation	Percentage of ownership Interests as at March 31, 2012	Percentage of ownership Interests as at March 31, 2011
Madanpur South Coal Company Limited	India	18.05 %	18.05 %

The Company's interest in these joint ventures is reported as non-current investments (Note 11) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses etc. (each without elimination of the effect of transactions between the Company and the joint venture) related to its interests in these joint ventures are:

(₹ in Crores)

		As at March 31, 2012	As at March 31, 2011
I.	**Assets**		
1.	Fixed assets	1.26	1.24
2.	Current Assets, Loans and Advances	0.85	0.45
	Cash and Bank Balances	0.05	0.51
3.	Loss being excess of expenses over income	0.55	0.40
II.	**Liabilities**		
1.	Shareholders funds	2.59	2.08
2.	Share application monies	0.10	0.51
3.	Unsecured Loan	0.02	0.01
III.	**Income**	-	-
IV.	**Expenses**	0.15	0.04

NOTE 33

Matured fixed deposits of ₹ 0.08 Crores (FY2011 : ₹ 0.08 Crores) due for transfer to Investor Education and Protection Fund have not been transferred in view of pending legal litigation between the beneficiaries.

NOTE 34 VEDANTA RESOURCES LONG TERM INCENTIVE PLAN (LTIP)

The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta Resource Plc ("Vedanta").

The LTIP is the primary arrangement under which share-based incentives 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 balance of basic salary and share-based remuneration consistent with local market practice. The performance condition attaching to outstanding awards under the LTIP is that of Vedanta's performance, measured in terms of Total Shareholder Return ("TSR") compared over a three year period with the performance of the companies as defined in the scheme from the date of grant.

Under this scheme, initial awards under the LTIP were granted in February 2004 with further awards being made in June 2004, November 2004, February 2006, November 2007, February 2009, August 2009, January 2010, July 2010, October 2010, January 2011 and August 2011. The awards are indexed to and settled by Vedanta shares. The awards provide for a fixed exercise price denominated in Vedanta's functional currency at 10 US cents per share, the performance period of each award is three years and the same is exercisable within a period of six months from the date of vesting beyond which the option lapse. Under the scheme, Vedanta is obligated to issue the shares and the grant date fair value of the awards is recovered by Vedanta from the Company.

Amount recovered by Vedanta and recognised by the Company in the Statement of Profit and Loss for the financial year ended March 31, 2012 was ₹ 23.78 Crores (FY2011: ₹ 15.52 Crores). The Company considers these amounts as not material and accordingly has not provided further disclosures.

NOTE 35 EMPLOYEE BENEFITS

Long term

(a) Defined Contribution Plans : Provident Fund and Family Pension Scheme

The Company offers its employees benefits under defined contribution plans in the form of provident fund and family pension scheme. Provident fund and family pension scheme cover all employees on roll. Contributions are paid during the year into separate funds under certain statutory / fiduciary type arrangements. While both the employees and the Company pay predetermined contributions into the provident fund, the contribution to family pension fund is made only by the Company based on prescribed rules of family pension scheme. The contributions are based on a fixed percentage of the employee's salary prescribed in the respective scheme.

A sum of ₹ 24.80 Crores (FY2011: ₹ 22.03 Crores) has been charged to the Statement of Profit and Loss in this respect, the components of which are tabulated below:

(₹ in Crores)

Defined contribution plan	FY2012	FY2011
Provident fund	20.84	18.15
Family Pension Scheme	3.96	3.88

The Company's provident fund is exempted under section 17 of Employees Provident Fund Act, 1952. Conditions for grant of exemption stipulates that the employer shall make good the deficiency, if any, between the return guaranteed by the statue and actual earning of the Fund. Based on a Guidance Note from The Institute of Actuaries – Valuation of Interest Guarantees on Exempt Provident Funds under AS 15 (Revised 2005) - for actuarially ascertaining such interest liability, there is no interest shortfall that is required to be met by the Company as of March 31, 2011 and March 31, 2012. Having regard to the assets of the Fund and the return in the investments, the Company also does not expect any deficiency in the foreseeable future.

(b) Defined benefit plans : Gratuity

The Company offers its employees, defined benefit plans in the form of gratuity schemes. Gratuity Scheme covers all employees as statutorily required under Payment of Gratuity Act 1972. The Company has constituted a trust(s) recognised by Income Tax authorities for gratuity to employees. The Company contributes funds to Life Insurance Corporation of India. Commitments are actuarially determined at the year end. The actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the Statement of Profit and Loss under the head Employee benefits expense.

(i) Movement in the present value of defined benefit obligation (₹ in Crores)

	FY2012	FY2011
Obligation at the beginning of the year	172.10	123.93
Current service cost	7.84	7.50
Past service cost	-	46.83
Interest cost	13.77	9.91
Actuarial losses and (gains)	9.55	3.15
Benefits paid	(20.96)	(19.22)
Obligation at the end of the year	182.30	172.10

(ii) Movement in the fair value of plan assets (₹ in Crores)

	FY2012	FY2011
Fair value at the beginning of the year	115.29	103.42
Expected return on the plan assets	10.95	9.82
Actuarial gains / (losses)	3.49	0.76
Employers' contribution	56.81	20.51
Benefits paid	(20.96)	(19.22)
Fair value at the end of the year	165.58	115.29

(iii) Amount recognised in the Balance Sheet (₹ in Crores)

	FY2012	FY2011
Present value of the obligation at the end of the year	182.30	172.10
Fair value of the plan assets at the end of the year	165.58	115.29
Unfunded status / Excess of funding over obligation	(16.72)	(56.81)
Excess of actual over estimated	3.49	0.76
Net liability / asset recognised in the Balance Sheet	(16.72)	(56.81)

(iv) Expense / Income recognised in the Statement of Profit and Loss (₹ in Crores)

	FY2012	FY2011
Current service cost	7.84	7.50
Past service cost	-	46.83
Interest cost	13.77	9.91
Expected return on plan assets	(10.95)	(9.82)
Actuarial losses and (gains)	6.06	2.39
Total expense / income recognised in the Statement of Profit and Loss.	16.72	56.81

(v) Since the plan assets of the Company are managed by the Life Insurance Corporation of India, the details of investment relating to these assets is not available with the Company. Hence the composition of each major category of plan assets, the percentage or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.

(vi) Actual return on plan assets (₹ in Crores)

	FY2012	FY2011
Expected return on plan assets	9.50 %	9.50 %
Actuarial losses and (gains)	3.49	0.76

(vii) Actuarial assumptions

The actuarial assumptions used to estimate defined benefit obligations and fair value of plan assets are based on the following assumptions which if changed, would affect the defined benefit obligation's size and funding requirements.

	FY2012	FY2011
Discount rates	8.00 %	8.00%
Expected return on plan assets	9.50 %	9.50 %
Salary escalations	5.50 %	5.50 %
Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

The estimates of future salary increases considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The above information is actuarially determined upon which reliance is placed by the auditors.

(viii) Experience adjustment (₹ in Crores)

	FY2012	FY2011	FY2010	FY2009
Present value of the obligation	182.30	172.10	123.93	98.33
Fair value of plan assets	165.58	115.29	103.42	91.79
Surplus / deficit in the plan	(16.72)	(56.81)	(20.51)	(6.54)
Experience adjustment on plan liabilities	(9.55)	(3.65)	(16.12)	(2.98)
Experience adjustment on plan assets	3.48	1.28	-	0.54

The details of experience adjustments arising on account of plan assets and plan liabilities as required by paragraph 120(n) (ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation statement for the year 2007-08 received from Charan Gupta Consultants Pvt. Ltd. and hence, are not furnished.

(ix) The contributions expected to be made by the Company during the financial year FY2013 are ₹ 5.19 Crores (FY2011 : ₹ 9.55 Crores)

(c) Other long term benefit plan - Compensated absences

The Company has provided for the liability on the basis of actuarial valuation.

NOTE 36 EARNINGS PER SHARE (EPS)

Particulars	FY2012	FY2011
Net profit after taxation for the year (₹ in Crores)	5,526.04	4,900.49
Weighted average number of ordinary shares for Basic / Diluted EPS	4,225,319,000	4,225,319,000
Nominal value of ordinary shares (in ₹)	2/-	2/-
Basic / Diluted earnings per ordinary shares (in ₹)	13.08	11.60

During the financial year FY2011 the existing Equity Shares of ₹ 10 /- each were subdivided into 5 equity shares of ₹ 2 /- each, and bonus shares in the ratio of 1 : 1 (post split) were allotted on March 9, 2011.

NOTE 37 SEGMENT REPORTING

(i) Segment Information for the year ended March 31, 2012

(₹ in Crores)

	March 31, 2012				March 31, 2011			
Particulars	Zinc, Lead and Silver	Wind energy	Unallocated	Total	Zinc, Lead and Silver	Wind energy	Unallocated	Total
REVENUE								
External Sales								
Zinc and Lead	9,999.89				9,300.85			
Silver Metal	1,131.99				543.59			
Total external sales	11,131.88	123.26		11,255.14	9,844.44	67.70		9,912.14
Inter Segment Sales								
Total Segment Revenue	**11,131.88**	**123.26**		**11,255.14**	**9,844.44**	**67.70**		**9,912.14**

NOTE 37 (CONTD.)

(i) Segment Information for the year ended March 31, 2012

(₹ in Crores)

Particulars	March 31, 2012				March 31, 2011			
	Zinc, Lead and Silver	Wind energy	Unallocated	Total	Zinc, Lead and Silver	Wind energy	Unallocated	Total
RESULTS								
Segment result								
Zinc and Lead	4,470.60				4,640.27			
Silver Metal	1,014.47				511.95			
Total	**5,485.07**	**20.23**		**5,505.30**	**5,152.22**	**2.38**		**5,154.60**
Unallocated Corporate Income net of unallocated Expenses				1,496.32				844.39
Finance Costs				(13.95)				(18.28)
Profit before exceptional items				6,987.67				5,980.71
Exceptional items (Note 15)				(43.13)				(21.16)
Profit before tax				6,944.54				5,959.55
Tax expenses				(1,418.50)				(1,059.06)
Profit / (Loss) for the year				5,526.04				4,900.49
OTHER INFORMATION								
Segment Assets	9,486.04	1,135.45	18,801.53	29,423.02	8,773.21	737.81	15,541.94	25,052.96
Segment Liabilities	941.42	47.82	1,110.55	2,099.79	927.58	79.26	1,512.93	2,519.77
Capital Expenditure	1,100.59	504.21		1,604.80	982.90	346.71		1,329.61
Depreciation	491.21	119.12	0.34	610.67	409.47	64.92	0.35	474.74
Non- cash expenses other than Depreciation								

(ii) Information about Secondary Business Segments

(₹ in Crores)

Particulars	March 31, 2012			March 31, 2011		
	India	Outside India	Total	India	Outside India	Total
Revenue by geographical market on FOB basis	7,684.83	3,570.31	11,255.14	6,226.05	3,686.09	9,912.14
Inter-Segment	-	-	-	-	-	-
Total	**7,684.83**	**3,570.31**	**11,255.14**	**6,226.05**	**3,686.09**	**9,912.14**
Carrying amount of segment assets	10,501.72	119.77	10,621.49	9,414.37	96.65	9,511.02
Additions to Fixed Assets	1,604.80	-	1,604.80	1,329.61	-	1,329.61

Reconciliation between segment revenue and enterprise revenue

(₹ in Crores)

Particulars	FY2012	FY2011
Segment Revenue		
Zinc and Lead	9,999.89	9,300.85
Silver Metal	1,131.99	543.59
Wind Energy	123.26	67.70
Total Segment revenue	**11,255.14**	**9,912.14**
Enterprise revenue		
Sale of products	11,910.92	10,489.82
Less: - Excise duty	(655.78)	(577.68)
Total enterprise revenue	**11,255.14**	**9,912.14**

(iii) Note :

a) Business Segment

The Company has identified the following business segments:

- Mining and smelting of Zinc, Lead and Silver.

- Wind Energy.

Additional intra segment information of revenues and results for the silver metal have been provided to enhance understanding of segment business. Silver occurs in Zinc & Lead and is recovered in the smelting and silver refining process.

b) Geographical Segment

The Geographical segments considered for disclosure are as follows:

- Revenue within India includes sales to customers located within India and earnings in India.

- Revenue outside India includes sales to customers located outside India and earnings outside India.

NOTE 38 RELATED PARTY DISCLOSURES

a. Names of related parties and description of relation:

(i)	Holding companies:	Immediate:	Sterlite Opportunities and Ventures Limited
		Ultimate in India:	Sterlite Industries (India) Limited
		Ultimate in U. K:	Vedanta Resources Plc. U. K.
(ii)	Fellow subsidiaries		Bharat Aluminum Company Limited
			Monte Cello BV*
			Copper Mines of Tasmania Pty Limited
			Thalanga Copper Mines Pty Limited*
			Konkola Copper Mines Plc
			Sterlite Energy Limited*
			Sterlite (USA) Inc.*
			Fujairah Gold FZE*

NOTE 38 (CONTD.)

		Talwandi Sabo Power Limited
		Sesa Goa Limited
		The Madras Aluminum Company Limited
		Vedanta Aluminium Limited
		THL Zinc Ventures Limited*
		THL Zinc Limited*
		THL Zinc Holding BV*
		Skorpion Zinc (Pty) Limited*
		Skorpion Mining Company (Pty) Limited*
		Namzinc (Pty) Limited
		Amica Guesthouse (Pty) Limited*
		Rosh Pinah Health Care (Pty) Limited*
		Black Mountain Mining (Pty) Limited
		Vedanta Lisheen Finance Limited*
		Vedanta Base Metals (Ireland) Limited*
		Vedanta Lisheen Mining Limited
		Killoran Lisheen Mining Limited*
		Killoran Lisheen Finance Limited*
		Killoran Concentrates Limited*
		Killoran Lisheen Limited*
		Azela Limited*
		Killoran Lisheen Holdings Limited*
		Malco Power Company Limited*
		Konkola Resources Plc*
		Sesa Mining Corporation Private Limited*
		Sesa Resources Limited.
		Sterlite Infraventures Limited*
		Paradip Port Services Private Limited*
		Pecvest 17 Properietory Limited*
		THL Zinc Holding Co-operative U.A*
		Lisheen Mine Partnership*
		Roshkor Township (Pty) Limited*
		Vizag General Cargo Berth Private Limited.*
		Vedanta Namibia Holdings Limited.*
		Lakomasko BV.*
		Sterlite Infra Limited.*
		Lisheen Milling Limited.
(iii)	Joint Venture	Madanpur South Coal Company Limited
(iv)	Key Managerial Personnel	Mr. Akhilesh Joshi**
(v)	Others	Vedanta Foundation

* No transactions during the year.

** Also appointed as CEO and Whole-time Director effective February 1, 2012.

b. Transactions with related parties:

(₹ in Crores)

Nature of transactions	Holding company		Fellow subsidiaries		Assoc companies		Key Managerial Personnel		Joint Venture		Others		Total amount	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Purchase of goods	0.05[2]	-	160.96[5]	7.71[5]	-	-	-	-	-	-	-	-	161.01	7.71
Sale of goods and others	24.71[2]	1.07[2]	0.01[3]	-	-	-	-	-	-	-	-	-	24.72	1.07
Dividend	685.79[1]	164.59[1]		-	-	-	-	-	-	-	-	-	685.79	164.59
Personnel Services (net)	53.16[2]	50.32[2]	0.59[6]	0.06[6]	-	-	-	-	-	-	-	-	53.75	50.38
Apportionment of common group expenses	53.04[2]	30.43[2]		-	-	-	-	-	-	-	-	-	53.04	30.43
Remuneration – Key managerial personnel	-	-	-	-	-	-	1.85	3.07	-	-	-	-	1.85	3.07
Donation	-	-	-	-	-	-	-	-	-	-	6.74[4]	4.44[4]	6.74	4.44
Investment in Joint Venture-														
Madanpur South Coal Company Limited	-	-	-	-	-	-	-	-	0.52	-	-	-	0.52	-
Amount due from :														
Konkola Copper Mines Plc	-	-	-	0.09	-	-	-	-	-	-	-	-	-	0.09
Sesa Goa Limited	-	-	0.26	-	-	-	-	-	-	-	-	-	0.26	-
Madanpur South Coal Company Limited	-	-	-	-	-	-	-	-	0.13	0.52	-	-	0.13	0.52
Sterlite Opportunities and Ventures Limited	0.04	-	-	-	-	-	-	-	-	-	-	-	0.04	-
Vedanta Lisheen Mining Limited	-	-	0.02	-	-	-	-	-	-	-	-	-	0.02	-
Black Mountain Mining (Pty) Limited	-	-	0.01	-	-	-	-	-	-	-	-	-	0.01	-
Sesa Resources Limited	-	-	-	0.01	-	-	-	-	-	-	-	-	-	0.01
Amount due to :														
Madras Aluminium Company Limited	-	-	-	0.02	-	-	-	-	-	-	-	-	-	0.02
Bharat Aluminium Company Limited	-	-	0.02	0.18	-	-	-	-	-	-	-	-	0.02	0.18
Vedanta Aluminium Limited	-	-	0.21	0.29	-	-	-	-	-	-	-	-	0.21	0.29
Sterlite Industries (India) Limited	10.26	7.42	-	-	-	-	-	-	-	-	-	-	10.26	7.42

Note:

1. Represents transaction with Sterlite Opportunities and Ventures Limited.
2. Represents transaction with Sterlite Industries (India) Limited.
3. Represents transaction with Vedanta Aluminium Limited.
4. Represents transaction with Vedanta Foundation.
5. Represents transaction with Bharat Aluminium Company Limited (₹ 2.98 Cr., FY2011 ₹ 6.95 Cr.), SESA Goa Ltd (₹ 2.47 Cr., FY2011 ₹ 0.76 Cr.), Vedanta Lisheen Mining Limited (₹ 95.39 Cr., FY2011-Nil), Black Mountain Mining Pty Limited (₹ 60.12 Cr., FY2011-Nil).
6. Bharat Aluminium Company Limited (₹ 0.03 Cr., FY2011 ₹ -0.01 Cr.), Talwandi Sabo Power Limited (₹ 0.01 Cr., FY2011 ₹ Nil Cr.), Sesa Resources Limited (₹ -0.02 Cr., FY2011 ₹ 0.12 Cr.), Vedanta Aluminium Limited (₹ 0.57 Cr., FY2011 ₹ - 0.04 Cr.), Sesa Goa Limited (₹ Nil Cr., FY2011 ₹ 0.01 Cr.) and Konkola Copper Mines Plc. (₹ Nil Cr., FY2011 ₹ -0.02 Cr.)

NOTE 39 FINANCIAL AND DERIVATIVE INSTRUMENTS DISCLOSURE

a) The following are the outstanding Forward Exchange Contracts entered into by the Company as at March 31, 2012.

As at March 31, 2012					As at March 31, 2011				
Currency	Foreign currency in Crores	₹ in Crores	Buy / Sell	Cross Currency	Currency	Foreign currency in Crores	₹ in Crores	Buy / Sell	Cross Currency
Euro	3.24	221.59	Buy	USD	Euro	0.55	34.89	Buy	USD
USD	0.21	10.55	Sell	₹	USD	0.49	22.02	Sell	₹
AUD	0.17	8.93	Buy	USD	AUD	0.02	0.79	Buy	USD
JPY	32.57	20.33	Buy	USD	JPY	3.00	1.62	Buy	USD
GBP	0.01	0.77	Buy	USD					
SEK	1.62	12.54	Buy	USD					

b) For hedging commodity related risks :-

Zinc forwards / futures sale for 12,150 MT (FY2011:4,925 MT)
Lead forwards / futures sale for 1,550 MT (FY2011: Nil)
Silver forwards / futures sale for 42,740 OZ (FY2011: Nil)

c) All derivative and financial instruments acquired by the Company are for hedging purposes.

d) Unhedged foreign currency exposure

(₹ in Crores)

	As at March 31, 2012	As at March 31, 2011
Debtors	119.77	96.65
Creditors	53.43	66.26

NOTE 40

Intangible assets represents ₹ 98.41 Crores (FY2011 : ₹ 98.41 Crores) being long-term investment in equity shares of Andhra Pradesh Gas Power Corporation Limited, Hyderabad, which entitles the Company to draw power in Andhra Pradesh for its Vishakapatnam unit. This has been amortised as a fixed asset. Amortisation for the year is ₹ 4.67 Crores (FY2011 : ₹ 4.67 Crores.), cumulative ₹ 51.72 Crores (FY2011 : ₹ 47.05 Crores).

NOTE 41

The Company is an early adopter of Accounting Standard 30 - Financial Instruments: Recognition and Measurement effective April 1, 2007. Coterminous with this, in the spirit of complete adoption, as have been announced by the ICAI, the Company has also implemented the consequential limited revisions in view of AS-30 to certain Accounting Standards.

Accordingly, current investments which under AS-13 Accounting for Investments are carried at the lower of cost and fair value, have been accounted for at fair value resulting in investment being valued at ₹ 268.44 Crores (FY2011 ₹ 248.73 Crores) above their cost and the profit before tax for the year is higher by ₹ 19.71 Crores (FY2011: higher by ₹ 143.72 Crores).

NOTE 42

Exceptional item represents the amount incurred on Voluntary Retirement Scheme in respect of Zinc, Lead and Silver segment.

NOTE 43 PARTICULARS OF CONSUMPTION OF CONCENTRATES, STORES, ETC.

(₹ in Crores)

		FY2012		FY2011	
		VALUE	%	VALUE	%
Bought out concentrate					
i)	Indigenous	21.40	9.83	13.00	7.68
ii)	Imported	196.29	90.17	156.23	92.32
	Total	**217.69**	**100.00**	**169.23**	**100.00**
Stores, spares and components consumed					
Direct consumables					
i)	Indigineous	933.35	89.17	780.69	88.42
ii)	Imported	113.31	10.83	102.22	11.58
	Total	**1,046.66**	**100.00**	**882.91**	**100.00**
Repairs and maintenance					
i)	Indigineous	600.55	39.24	423.84	39.46
ii)	Imported	929.88	60.76	650.39	60.54
	Total	**1,530.43**	**100.00**	**1,074.23**	**100.00**
Total					
i)	Indigineous	1,533.90	59.52	1,204.53	61.55
ii)	Imported	1,043.19	40.48	752.61	38.45
	Total	**2,577.09**	**100.00**	**1,957.14**	**100.00**

NOTE 44 CIF VALUE OF IMPORTS

(₹ in Crores)

	FY2012	FY2011
Raw Material	195.36	184.79
Components, stores and spare parts	936.77	723.39
Capital goods	173.15	172.46
Total	**1,305.28**	**1,080.64**

NOTE 45 EXPENDITURE IN FOREIGN CURRENCY

(₹ in Crores)

	FY2012	FY2011
Consultancy	63.05	32.19
Travelling expenses	0.56	0.81

NOTE 46 EARNING IN FOREIGN EXCHANGE

(₹ in Crores)

	FY2012	FY2011
Export of goods on F.O.B. basis	3,570.31	3,686.09

NOTE 47

The disclosures relating to Micro ,Small and Medium Enterprises has 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 Development Act, 2006 (the Act). There is no interest paid/payable as at March 31, 2012

(₹ in Crores)

S No.	Particulars	FY2012	FY2011
1	Amount Outstanding	2.19	4.24
2	Interest Outstanding	-	-

NOTE 48

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

	Akhilesh Joshi CEO & Whole-time Director	**A. R. Narayanaswamy** Director
Date: April 19, 2012 Place: Mumbai	**Amitabh Gupta** Chief Financial Officer	**R. Pandwal** Company Secretary

NOTES

CRISIL RESEARCH

Portfolio Credit Quality Analysis

Hindustan Zinc Limited

CRISIL Research certifies that for the **Financial Year 2011-12**, the overall credit quality of Hindustan Zinc Limited's treasury portfolio of fixed income investments has been consistently evaluated as **'Very Good'** (highest safety from credit default on CRISIL's 4 point scale)

Tarun Bhatia

Tarun Bhatia
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concept, design and produced at aicl (info@aicl.in)

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