Hindustan Zinc Limited

vedanta

FOCUSED ON
DELIVERY
LONG-TERM GROWTH
PEOPLE
A SUSTAINABLE FUTURE

Hindustan Zinc Limited Annual Report 2010

HINDUSTAN ZINC LIMITED ANNUAL REPORT 2010

Introduction

Hindustan Zinc is India's largest and the world's second largest integrated producer of zinc & lead, with a global share of approximately 6.0% in zinc.

Our Vision

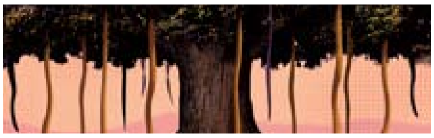
Be a world-class zinc company, creating value, leveraging mineral resources and related core competencies.

Our 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 are constantly focused on achieving a top decile cost of production in each of our businesses. To achieve this, we follow a culture of best practice benchmarking.

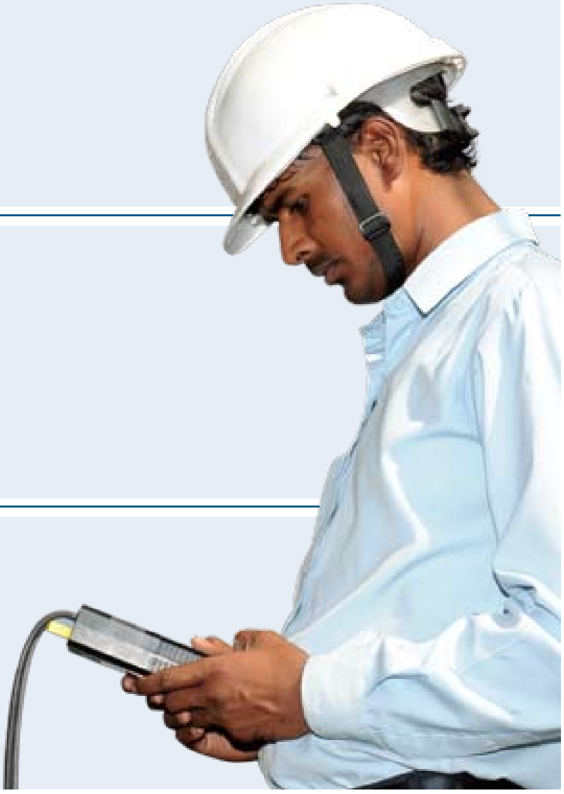
Trust

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 and with the demonstrated commitment of our management and employees. We aim not only to minimise damage to the environment from our projects but to make a net positive impact on the environment wherever we work.

Company Overview



Business Review

Sustainability

Corporate Governance

Financial Statements

www.hzlindia.com

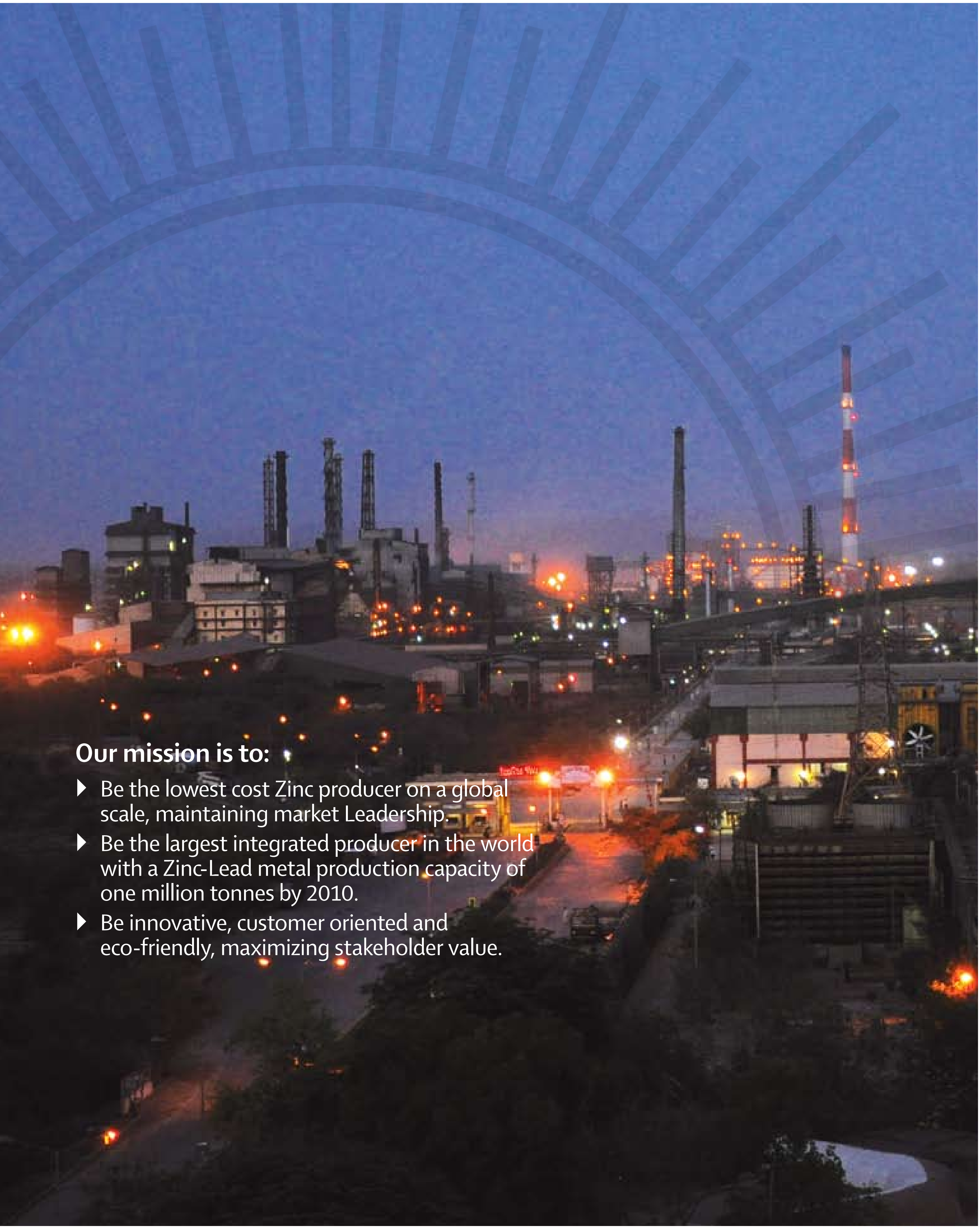
Highlights

- Revenue of Rs 8,017 Crore, higher by 41% compared to the previous year, driven by higher volumes, increase in LME prices and improved operational efficiencies.
- Highest ever Mined metal production of 768,620 tonnes; Refined metal production of 650,038 tonnes[1]; and 176,381 kilograms of Silver[2].
- PBDIT of Rs 5,392 Crore, up by 47% compared with FY 2009.
- EPS of Rs 95.65 per share.
- The 210 ktpa zinc smelter at Dariba and 1 mtpa concentrator at Rampura Agucha successfully commissioned, around a quarter ahead of schedule.
- Stable operating costs, supported by higher volumes, increased operational efficiencies, increased capacities.
- Strong balance sheet with shareholders fund base of Rs 18,124 Crore and cash flow and liquid investments of Rs 11,900 Crore.
- Total dividend recommended at Rs 6 per share.

1 Includes captive consumption of 7,308 tonnes Lead.
2 Includes captive consumption of 37,831 kilograms Silver.

Growth projects

- The 210 ktpa zinc smelter at Dariba and 1 mtpa concentrator at Rampura Agucha successfully commissioned.
- 100 ktpa Lead smelter, 160 MW CPP and the mine projects are on track for scheduled completion.



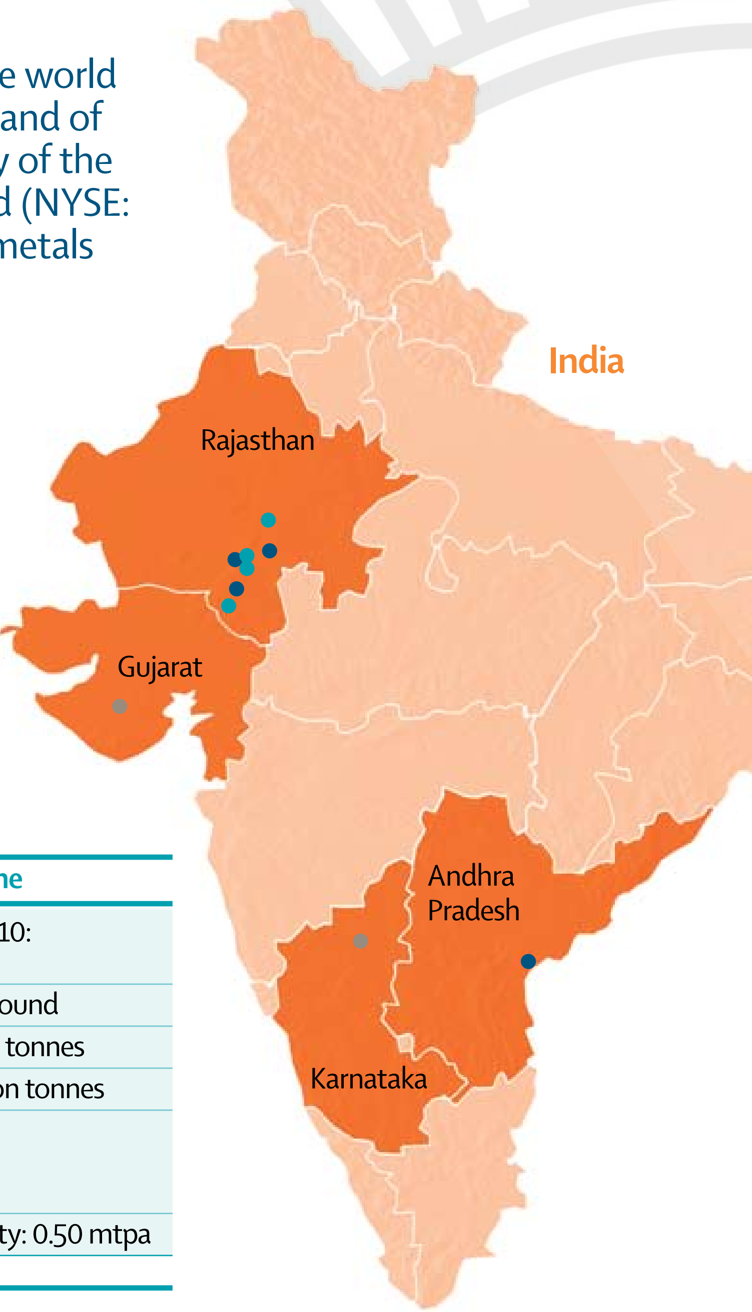
Our mission is to:

- Be the lowest cost Zinc producer on a global scale, maintaining market Leadership.
- Be the largest integrated producer in the world with a Zinc-Lead metal production capacity of one million tonnes by 2010.
- Be innovative, customer oriented and eco-friendly, maximizing stakeholder value.

Hindustan Zinc at a Glance

We are one of the lowest cost producers in the world and are well placed to serve the growing demand of Asian countries. Hindustan Zinc is a subsidiary of the NYSE listed – Sterlite Industries (India) Limited (NYSE: SLT) and London listed FTSE 100 diversified metals and mining major – Vedanta Resources plc.

Our core business comprises of mining and smelting of zinc and lead along with captive power generation. We have four mines and four smelting operations: mines are situated at Rampura Agucha, Sindesar Khurd, Rajpura Dariba and Zawar in the State of Rajasthan, while the smelters are located at Chanderiya, Debari and Dariba in the State of Rajasthan and Vizag in the State of Andhra Pradesh.



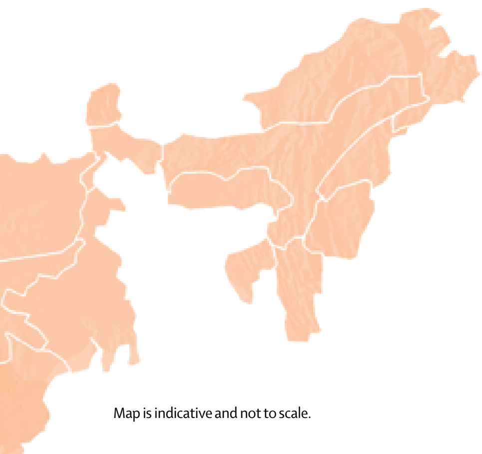
Mining

1. Rampura Agucha Mine
Ore Produced in FY 2010: 5,135,625 tonnes
Type of Mine: Open Cast
Reserves: 75.71 million tonnes
Resources: 44.65 million tonnes
Reserves Grade: Zinc 14.23%; Lead 1.99%
Ore Production Capacity: 6.00 mtpa

2. Sindesar Khurd Mine
Ore Produced in FY 2010: 444,715 tonnes
Type of Mine: Underground
Reserves: 10.74 million tonnes
Resources: 50.08 million tonnes
Reserves Grade: Zinc 5.45%; Lead 2.95%
Ore Production Capacity: 0.50 mtpa

3. Rajpura Dariba Mine
Ore Produced in FY 2010: 501,282 tonnes
Type of Mine: Underground
Reserves: 7.80 million tonnes
Resources: 34.41 million tonnes
Reserves Grade: Zinc 6.25%; Lead 1.40%
Ore Production Capacity: 0.90 mtpa

4. Zawar Mines
Ore Produced in FY 2010: 1,020,250 tonnes
Type of Mine: Underground
Reserves: 7.85 million tonnes
Resources: 53.36 million tonnes
Reserves Grade: Zinc 3.66%; Lead 1.95%
Ore Production Capacity: 1.20 mtpa



Map is indicative and not to scale.

Facts + figures (2009-10)

578 ktpa
Refined Zinc production

102.09 mtpa
Reserves

196.56 mtpa
Resources

8.60 mtpa
Ore production capacity

Smelting

1. Chanderiya Smelting Complex

Production in FY 2010:
436,909 tonnes of Zinc
71,627 tonnes of Lead[1]
176 tonnes of Silver[2]

Capacity:
525,000 tonnes of Zinc;
85,000 tonnes of Lead;
168 tonnes of Silver

2. Zinc Smelter Debari

Production in FY 2010:
87,347 tonnes of Zinc

Capacity: 88,000 tonnes of Zinc

3. Zinc Smelter Vizag

Production in FY 2010:
54,184 tonnes of Zinc

Capacity: 56,000 tonnes of Zinc

4. Dariba Smelting Complex – Hydro Zinc Smelter

Capacity: 210,000 tonnes of Zinc

1 Includes captive consumption of 7,308 tonnes Lead.
2 Includes captive consumption of 38 tonnes Silver.

Power Generation

1. Chanderiya Smelting Complex

Type: Coal based
Capacity: 234 MW
Type: DG Set
Capacity: 14.81 MW
Type: Waste Heat Recovery
Capacity: 13.7 MW

2. Zawar Mines

Type: Coal based
Capacity: 80 MW
Type: DG Set
Capacity: 6 MW

3. Zinc Smelter Debari

Type: DG Set
Capacity: 14.81 MW
Type: Waste Heat Recovery
Capacity: 6.5 MW

4. Samana Wind Power Plant

Type: Wind energy farms
Capacity: 88.8 MW

5. Gadag Wind Power Plant

Type: Wind energy farms
Capacity: 34.4 MW

Chairman's Statement

"The inherent strength of our sustainable low cost operations ensures we are well positioned through the cycle in a period of difficult economic conditions and commodity prices."
Agnivesh Agarwal, Chairman

The success story of Hindustan Zinc continues as we report another set of excellent results, even in a year that was challenging for our industry and the global economy. The 2010 financial year began with developed markets in recession and commodity prices and industrial demand subdued. Emerging markets – especially India and China – proved more resilient to the economic downturn, with continued economic and metals consumption growth.

The large and coordinated stimulus from governments globally has secured greater stability in financial markets and a return to economic growth. Commodity prices and industrial demand have recovered and we enter the FY 2011 with much greater optimism to when we entered 2010.

Excellent liquidity, strong cash flow, low cost operations, strong organic growth pipeline and continuous upgrading of mineral resources is what distinguishes us from our peers and positions us well to deliver even in these unprecedented markets. This ensures long term sustainability and enhanced shareholder value.

Financial Performance

We reported excellent results in FY 2010, backed by increased volumes, stable costs, operational efficiencies and improved LME prices. Revenues rose by 41% to Rs 8,017 Crore and PBDIT rose by 47% to Rs 5,392 Crore, compared to the previous year. Over the years, we have consistently generated strong free cash flows. We exited the year with a cash-rich balance sheet having cash and cash equivalents of around Rs 11,900 Crore, due to our excellent cash conversion, even with the significant capital investment of Rs 2,400 Crore in the period.

Operational performance and Organic growth

During the year, we achieved the highest ever production of Zinc and Lead mined & refined metal, as well as the highest ever Silver production. Our mined metal production for Zinc and Lead in FY2010 was 768,620 tonnes, up 4.5% compared with FY 2009. The Zinc & Lead refined metal production during the year was 650,038 tonnes, up 5.3% compared with the previous year. The Company also recorded its highest ever Silver production at 176,381 kilograms, an increase of 33.9% compared with the previous year. During the year, our total power generation increased by 25% to 2,473 million units, compared with the previous year. The wind power generation was marginally lower at 219.1 million units, compared with the previous year.

During the year, we successfully commissioned our 210 ktpa Hydro-Zinc smelter at Dariba and 1 mtpa concentrator at Rampura Agucha, ahead of schedule. The work at the 100 ktpa Lead smelter and the 160MW Captive Power Plant (CPP) at Dariba is progressing well for scheduled completion in Q2 FY2011.

Work at the Sindesar Khurd Mine project is also on schedule for progressive expansion to 1.50 mtpa. Post the completion of the 100 ktpa lead smelter, we will become the largest integrated Zinc-Lead producer in the world with metal production capacity of 1,064 ktpa.

Our portfolio of existing assets and recently completed expansion projects continues to yield superior performance and we continue to make investments that drive long-term sustainable growth.

Exploration

Expansion of our reserves and resources base through exploration is a part of our sustainable growth strategy. I have great pleasure in reporting that our ongoing exploration activities have yielded significant success with an increase of 33.7 million tonnes to the reserves and resources, prior to a depletion of 7.1 million tonnes in FY 2010. Contained zinc-lead metal has increased by 3.4 million tonnes, prior to a depletion of 0.8 million tonnes during the same period. Total reserves and resources at 31 March 2010 were 298.6 million tonnes containing 34.1 million tonnes of zinc-lead metal.

People

We believe our people play a vital role in helping the organization create value and grow with confidence. We have undergone a great transformation at the back of competency and improvement oriented work culture of our people supported by a string of debottlenecking and expansions. We believe in recruiting truly outstanding people, providing them with quality assignments, training, support and international opportunities to flourish professionally and personally. On behalf of the Board, I am thankful to all of them for all their hard work and efforts. We continue to offer exciting growth opportunities for all our employees. We remain committed to provide a safe and supportive work environment for all.

Sustainability

Sustainable development is an integral part of our business philosophy and represents core commitment of our management and employees. We believe that businesses play an important role in tackling and driving sustainability and climate change challenges. We have been continuously prioritizing and emphasizing the need to ensure compliance and improve our social and environmental performance. We strive to ensure that our business creates sustainable benefits for all our stakeholders.

> During the year, we achieved the highest ever production of Zinc-Lead mined & refined metal, as well as the highest ever Silver production.

We have established stringent management systems centred on safety, health, the environment and social performance. We continue to impact the lives of over 500,000 people in the vicinity of our operations. Our focus is on nurturing leaders, conserving resources, improving health, safety and environmental performance, enhancing the quality of life and fostering innovation.

Dividend

The Board of Directors has recommended a dividend of 60%, i.e., Rs 6 per equity share, for the current year.

Awards and Recognition

Our efforts and actions continue to be acknowledged by the external agencies. During the year, we won numerous awards in the areas of operational excellence, quality, health and safety, corporate social responsibility; notable amongst those are the 'IMC Ramakrishna Bajaj National Quality Award (RBNQA) – Performance Excellence Trophy'; the 'RoSPA gold award 2009 from Royal Society for Prevention of Accidents, UK'; the 'Golden Peacock Occupational Health & Safety Award'; the 'CII-ITC Sustainability Award (Commendation for Strong Commitment towards sustainability)'; the 'CII-Leadership & Excellence Award in Environment, Health & Safety'; and the 'Stars of the Industries Awards in Green Manufacturers category'.

Outlook

The recovery in demand and commodity prices appears well-founded and the medium and long-term outlook for our commodities remains strong. We are well placed to benefit from a sustained recovery given our structurally low cost position, presence in growing economies and the organic growth programme. We remain focused on reducing our cost of production, delivering our organic growth program on time and at benchmark low capital costs and generating strong free cash flows. We have successfully commissioned our 210 ktpa Hydro Zinc smelter in Dariba and 1 mtpa concentrator at Rampura Agucha during the last quarter of FY 2010; the operational impact of which will become visible in the next fiscal. We are focused on substantially increasing our Silver production through increased volume and improved recovery & efficiency. The work at the 100 ktpa Lead smelter and the 160MW CPP at Dariba is progressing well for scheduled completion in Q2 FY2011. Work at the Sindesar Khurd Mine project is also on schedule for progressive expansion to 1.50 mtpa. Post the completion of the 100 ktpa lead smelter, we will become the largest integrated Zinc-Lead producer in the world with metal production capacity of 1,064 ktpa.

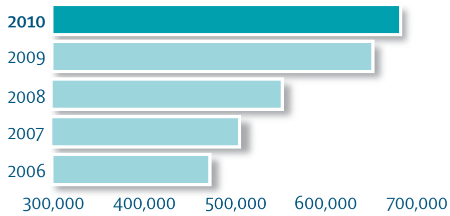
Agnivesh Agarwal
Chairman

Key Performance Indicators

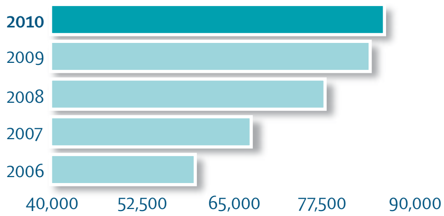
Our strategic goal is to generate strong financial returns.

Operational

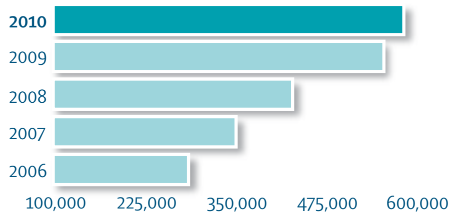
Mined Zinc (tonnes)



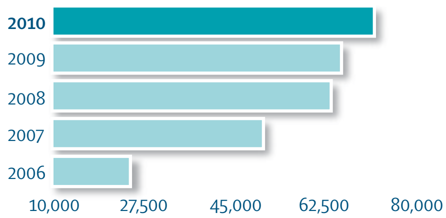
Mined Lead (tonnes)



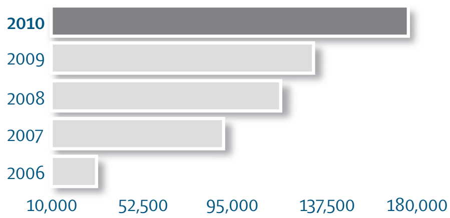
Refined Zinc (tonnes)



Refined Lead (tonnes)



Refined Silver (kg)

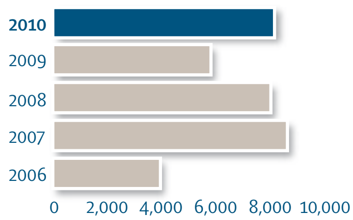


Financial

Description	2010 performance

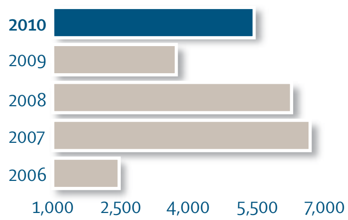
Revenue (Rs crore)

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



PBDIT (Rs crore)

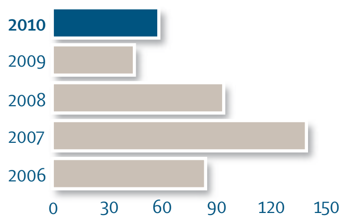
PBDIT is a factor of volumes, prices and cost of production. This is calculated by adjusting operating profit plus depreciation interest and amortization. Our objective is to take advantage of our low cost base and achieve the best possible margins across the Businesses.



Description	2010 performance

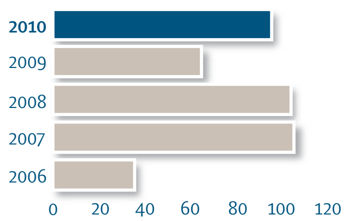
ROCE %

This is calculated on the basis of PBIT before exceptional items & other non operational incomes/expenses, net of effective tax; as a ratio of capital employed in business as at the balance sheet date. Capital employed its shareholders fund & loan funds, net of non operational net cash and investments after adjusting the non operational debt. The objective is to earn consistently a return to ensure that capital is invested efficiently and this indicator measures the efficiency of our productive capital.



EPS (Rs)

Net profit attributable to equity shareholders. By producing a stream of profits and EPS we will be able to pay a progressive dividend to our shareholders. EPS growth also demonstrates the management of our capital structure.

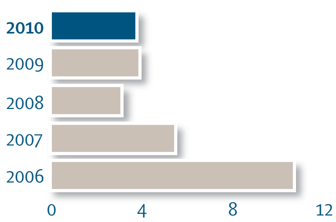


Non-Financial

Description | **2010 performance**

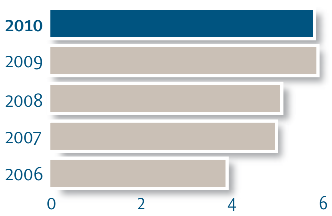
LTIFR

Lost time injuries per million man-hours worked.

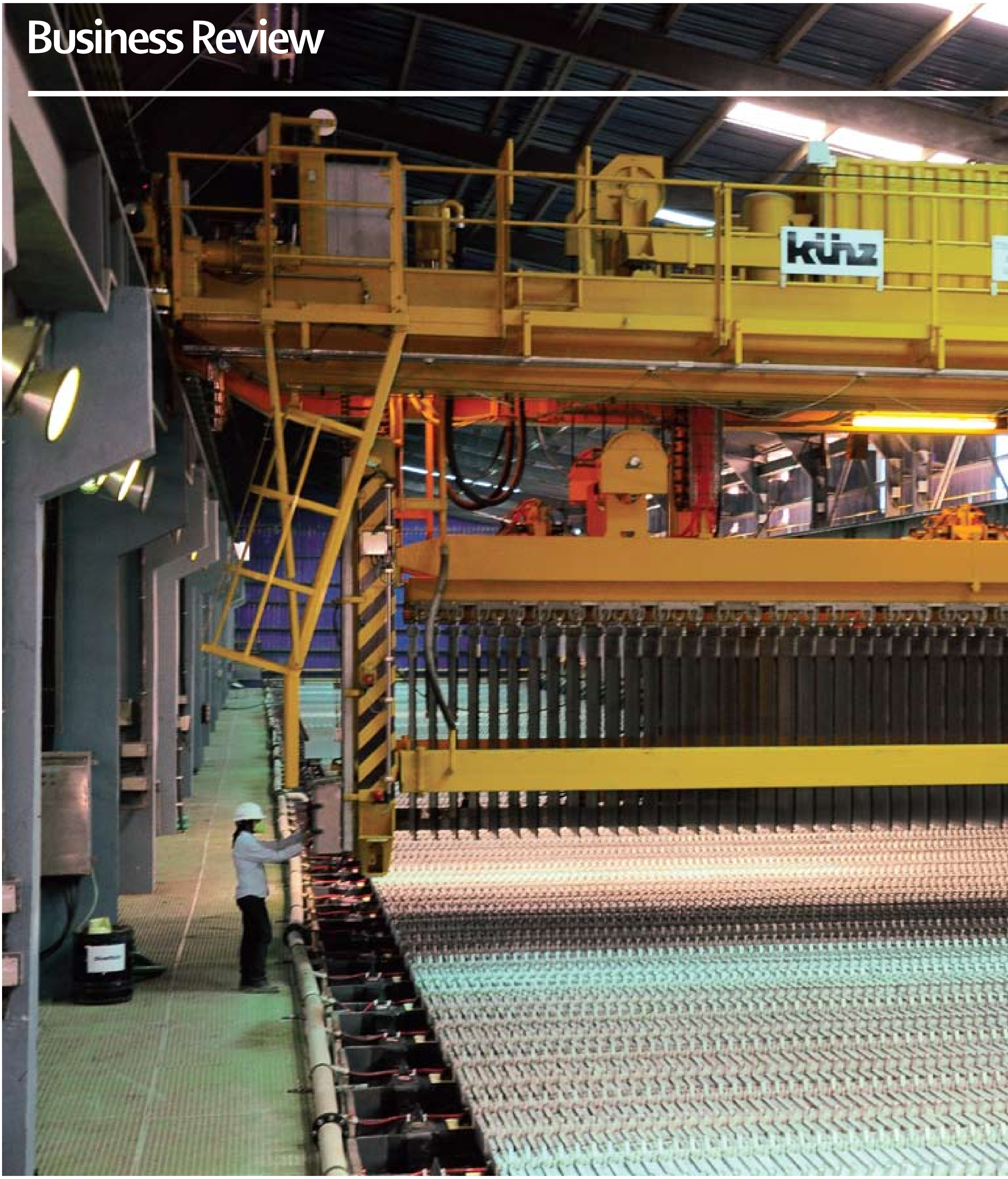


Women in workforce

Total number of women in the total permanent employee workforce.

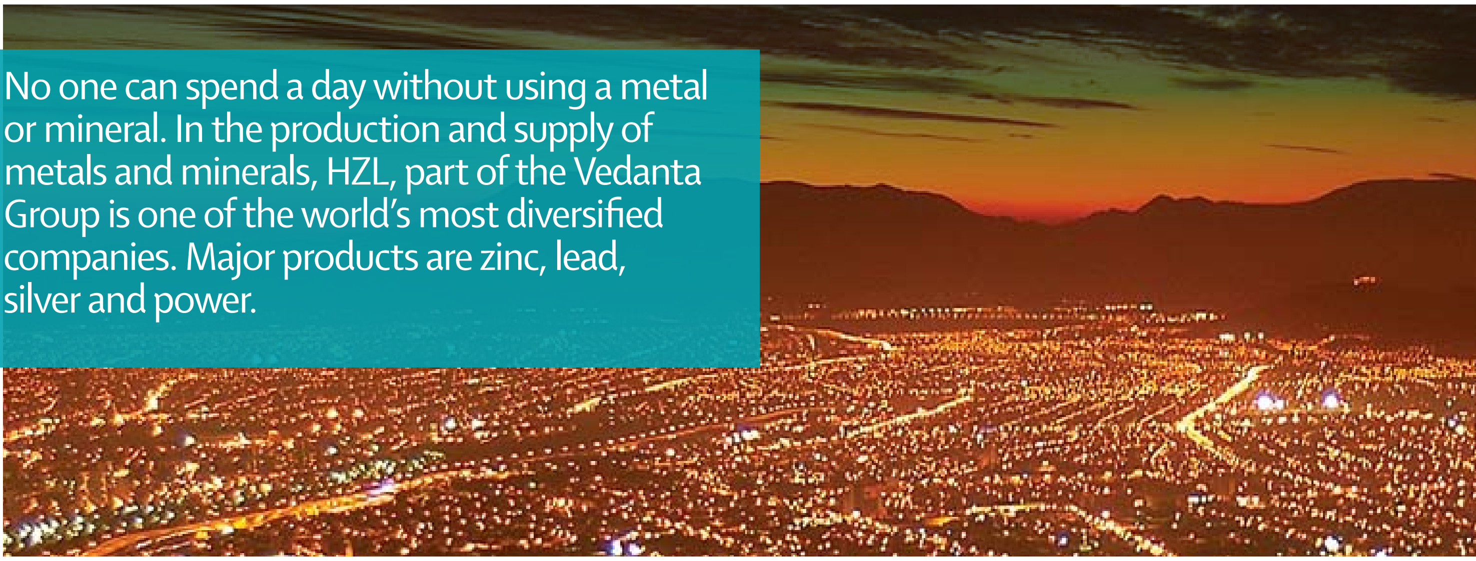


Business Review




11.5/1.5t
115t

Market Overview



No one can spend a day without using a metal or mineral. In the production and supply of metals and minerals, HZL, part of the Vedanta Group is one of the world's most diversified companies. Major products are zinc, lead, silver and power.

Zinc

Global Market

In FY 2010, world smelter production increased by 4% to 11.7 million tonnes; however during the same period, the world's Zinc consumption decreased by about 3% to 10.5 million tonnes, leaving the Zinc market with a surplus of over 1.2 million tonnes of refined Zinc metal.

In FY 2010, the average price of Zinc was US$1,936 on the London Metal Exchange (LME) compared to FY 2009 average price of US$1,563, an increase of 24%.

Indian Market

Demand in Indian market for refined Zinc increased by 25% to 525 kt in FY 2010, from 419 kt in the previous year. This was mainly driven by the demand created by the various infrastructure projects. The Indian Zinc demand is expected to grow in the coming years based on a positive GDP forecast. The key components for demand growth are the ongoing and upcoming infrastructure projects, telecom and power projects and automobile sector. 37 Infrastructure projects worth Rs 70,000 Crore have already been approved by the Indian Government including various projects for Railway Electrification, Ports, Airports, power projects etc. In long-term we see a promising future for Zinc demand in India. We hold around 74% share of the Indian Zinc demand, where we see continuous growth in Zinc consumption in line with a positive GDP outlook. As is typical of all developing economies, the growth rate of metal consumption in India is expected to be 1.5 times the GDP growth rate.

Applications of Zinc

- Galvanizing: Zinc is one of the best forms of protection against corrosion and is used extensively in building, construction, infrastructure, household appliances, automobiles, steel furniture, and more. Galvanizing accounts for around 48% of global Zinc usage.
- Zinc Oxide: The most widely used Zinc compound, Zinc oxide is used in the vulcanization of rubber, as well as in ceramics, paints, animal feed, pharmaceuticals, and several other products and processes. A special grade of Zinc oxide has long been used in photocopiers. 10% of global Zinc usage is in this segment.
- Die Castings: Zinc is an ideal material for die casting and is extensively used in hardware, electrical equipments, automotive and electronic components. 17% of Zinc used in the world is through Die Castings
- Alloys: Zinc is extensively used in making alloys, especially brass, which is an alloy of copper and Zinc. Alloy accounts for around 11% of global Zinc usage.
- Rolled Zinc: Zinc sheets are used extensively in the building industry for roofing, flashing and weathering applications. These are also used in graphic art to make plates and blocks, as well as battery callouts and coinage.

Lead

Global Market

Demand for refined Lead increased slightly to 8.43 million tonnes in FY2010, compared with 8.41 million tonnes in FY2009. Replacement battery demand, mainstay of Lead consumption, was able to shield Lead from the flat growth to some extent. At the same time, the global Lead smelter production was 8.68 million tonnes. This left the refined Lead market in surplus, barely by 25,000 tonnes for the year.

In FY 2010, the average price of Lead on the London Metal Exchange (LME) was US$1,990, up by 20% compared to US$1,660 in FY 2009. Consequent to a number of mines and smelter production cuts being announced, mine production supplies are expected to decline, which will in turn continue providing strong support to the LME prices.

Fulfilling local and global demand

Indian Market

Demand for Lead increased by 5% to 355,000 tonnes in FY 2010 as compared to the previous year. This makes India second economy after China which has shown demand growth. The main driver was the increase in the battery demand in replacement market. Also, demand of auto sector fared much better in India and Industrial demand especially inverter battery has fuelled growth. Indian Lead demand is expected to increase in the coming years, at the back of Industrial and Inverter battery segment growth and replacement market especially in auto sector. The demand of the Indian Battery industry is estimated to be around 90% of Indian Lead demand. Our share in the domestic market is around 15%.

Applications of Lead

The battery sector is the single largest consumer of Lead, accounting for around three-quarters of the demand. It can be sub-divided into the following groups:

- SLI (Starting-Lighting-Ignition) batteries, which currently accounts for around half of the total Lead demand. These are mainly used in cars and light vehicles, but are also found in other applications such as golf carts and boats. SLI battery demand in turn can be split into original equipment and replacement, with replacement demand outstripping original equipment demand by about 4:1 in mature markets.
- Industrial batteries, which currently consumes around a quarter of the total Lead produced. This sector can be split roughly 50:50 into stationary and traction batteries. Stationary batteries are principally used in back up power supply systems; traction batteries are used for motive power in equipment such as forklift trucks and motorized wheelchairs. The remainder is used in non-battery applications. The second largest current end use of Lead for non-battery applications, accounting for around 8% of Lead consumption, is the chemical industry, in the form of Lead-based pigments and other compounds. Principal markets are for cathode ray tubes used in television screens and computer monitors, and for Poly Vinyl Chloride (PVC) stabilizers.

Silver

Global Market

In the year 2009, the demand for Silver remained flat at around 900 million ounces, as compared with the previous year. The year has seen robust growth in coins & investment and a modest rise in jewelry & Silverware, this was however offset by decline in demand by fabrication sector. Average annual price for Silver in the FY 2010 was US$15.74 per troy ounce, up by around 15% from the previous financial year.

Indian Market

Indian demand for Silver was slightly lower at around 2,900 tonnes in FY 2010, as compared to the previous year; this was mainly due to a lull in the first half. However the demand picked up in the second half driven by Jewelry and Silverware demand. The growth is expected to continue this year on account of industrial recovery and increased silver Jewelry exports.

Applications of Silver

- Industrial applications: brazing alloys, electrical contacts, high capacity Silver-Zinc or Silver Cadmium batteries, printed circuits and other electronic applications.
- Other applications: jewelry, Silver plating, Silverware, photography, Dental alloys and more

Operational Performance

Introduction to Operational Performance

Our products include refined Zinc metal, refined Lead metal, Silver, Cadmium and Sulphuric Acid. We are on course to become the world's largest integrated Zinc-Lead producer and are the largest primary Silver producer in India. We have mining and smelting operations across multiple locations in India. Our assets include Rampura Agucha – the largest Zinc mine in the world, Sindesar Khurd, Rajpura Dariba and Zawar in the State of Rajasthan. The smelters are situated at Chanderiya Smelting Complex which is the largest single location Zinc smelting complex in the world, and Zinc Smelter Debari in the State of Rajasthan; and Zinc Smelter Vizag in the State of Andhra Pradesh. As a part of our project expansions, we have accomplished successful commissioning of our Hydro Zinc smelter in Dariba Smelting Complex, in March 2010.

All our units are accredited with International Organization for Standardization (ISO) 9001, International Organization for Standardization (ISO) 14001, Occupational Health and Safety Assessment Series (OHSAS) 18001 and 5S certifications.

We are focused on attaining low-cost operations, at the back of our world class assets, supported by the state-of-the art technology and people.

Mining Operations

Rampura Agucha Mine

During this year, Rampura Agucha Mine (RAM) achieved production of 668,035 tonnes of contained Zinc and Lead, an increase of 3% as compared with the previous year. The increase in production volume is mainly because of improved recoveries & mill throughput. We have successfully commissioned our stream IV concentrator in March 2010; its volume impact will be visible in the next financial year.

Reserves and resources of Rampura Agucha Mine as on 31 March 2010 are 120.4 million tonnes. It is an open-pit mine which was commissioned in 1991. It is located 230 kilometers north of Udaipur, in the State of Rajasthan in India. It is very well connected with the road and rail networks. Power requirement is met by our captive power plants.

The concentrator has four streams and is equipped with state-of-the-art automation which includes the Proscon 2100 NT operating system, Experion process control system; Multi Stream Analyzer to ensure faster and accurate readings of different metal percentages in the various streams; and Froth Image Analyzer that provides actual image of froth bubbles to facilitate effective quality control. It has excellent infrastructural and software support.

Significant technical/mechanical up-gradations include induction of 34m³ excavator which is the biggest hydraulic excavator in India and 221 MT dumpers; introduction of Truck Dispatch System for HEMM fleet management to increase the operational efficiencies; introduction of Simulator for providing continuous training to HEMM operators to ensure safe operation with highest level of efficiency; introduction of Slope Stability Radar which helps in providing advance signals of any impending movements along the pit wall – First mine to possess such system in India; Chemical treatment on haul roads to reduce dust generation and water consumption; Controlled Blasting Technique/Pre-splitting.

During the year, we have also started the underground mine development work at RAM, in conformity with the outcomes of the feasibility studies done by consultants of international repute. Underground mining is planned beyond the ultimate open pit depth of 372 meters from the surface. RAM underground project has state-of-the-art infrastructure facilities and mining equipments including Shotcreting machine (first time in Indian mining industry), 17 ton loaders, 30 ton LPDT (Low Profile Dump Trucks), twin boom jumbo drill machines and other support equipments. Process for carrying out detailed engineering work for shaft sinking (900 meters depth) has also been started. These initiatives will facilitate faster rate of underground mine development and targeted production from RAM on a sustainable basis.

Expansions
We have successfully commissioned 1 mtpa concentrator at Rampura Agucha, around a quarter ahead of schedule, thereby increasing the ore production capacity of Rampura Agucha from 5 mtpa to 6 mtpa.

Summary of operating results of Rampura Agucha Mine:

Rampura Agucha Mine	FY 2010	FY 2009
Ore Mined ('000 tonnes)	5,135.63	4,953.11
Ore Milled ('000 tonnes)	5,152.47	4,915.86
Zinc		
Feed Grade (%)	12.92	13.09
Mined Metal ('000 tonnes)	612.94	591.74
Lead		
Feed Grade (%)	1.80	1.91
Mined Metal ('000 tonnes)	55.10	56.95

Sindesar Khurd Mine
During FY 2010, the contained Zinc & Lead production at Sindesar Khurd Mine (SKM) was significantly higher by 61% at 27,789 tonnes, compared with the previous year. This was on account of increase in working area & resources, better utilization of resources & improved productivity & work practices.

Reserves & resources of Sindesar Khurd mine as on 31 March 2010 are 60.8 million tonnes. It is a Silver rich mine with high Silver content .

It is located 80 kilometres north east of Udaipur in the state of Rajasthan. It is very well connected by roads. Production at Sindesar Khurd mine was commissioned in June 2006.

SKM is the most mechanized mine in India and is comparable to any other world class mine. During FY 2010, we introduced, for the first time in India, 50 ton LPDT (Low Profile Dump Trucks) and 17 ton LHD (Load-Haul-Dump unit) for underground mining. SKM also has three personnel carriers and host of other utilities to facilitate underground mining operations. The ore produced at Sindesar Khurd is presently processed at Rajpura Dariba mine's beneficiation plant. It will be processed at Sindesar Khurd mine after commissioning of its beneficiation plant. A new decline suitable for 50 ton dump truck is currently being excavated. Mechanized mine development techniques are being adopted for better development progress & productivity.

Expansions
Sindesar Khurd Mine is under expansion to increase the ore production from 0.50 million tonnes per annum to 1.50 million tonnes per annum.

Summary of operating results of Sindesar Khurd Mine:

Sindesar Khurd Mine	FY 2010	FY 2009
Ore Mined ('000 tonnes)	444.72	300.00
Ore Milled ('000 tonnes)	442.87	299.91
Zinc		
Feed Grade (%)	5.44	4.84
Mined Metal ('000 tonnes)	19.75	11.87
Lead		
Feed Grade (%)	2.29	2.29
Mined Metal ('000 tonnes)	8.04	5.35

Rajpura Dariba Mine
Rajpura Dariba Mine (RDM) produced 27,305 tonnes of contained Zinc and Lead during FY 2010, higher by 11% as compared to FY 2009, due to enhancement in grade & recovery, improvement in manpower productivity and other operational efficiencies. Bulk concentrate production at Rajpura Dariba has resulted in significant recovery improvements in Zinc, Lead and Silver.

Reserves and resources of Rajpura Dariba Mine as at 31 March 2010 are 42.2 million tonnes. It is located about 76 kilometers north-east of Udaipur in the State of Rajasthan in India and is well connected by roads. Water requirement is met from the Matrikundia dam on Banas River. Power requirement is met by our captive power plants. Any shortfall is met by the State grid.

The mine is equipped with world-class infrastructural facilities including a central workshop. Rajpura Dariba Mine's concentrator is a conventional grinding and froth flotation circuit. Significant technical up-gradations/process improvements including commissioning of Waste hoisting system; commencement of development Ramps; connection of levels through ramp for better productivity of men & machineries etc. were undertaken during the year.

Operational Performance continued

Summary of operating results of Rajpura Dariba Mine:

Rajpura Dariba Mine	FY 2010	FY 2009
Ore Mined ('000 tonnes)	501.28	483.29
Ore Milled ('000 tonnes)	499.23	483.27
Zinc		
Feed Grade (%)	5.34	4.98
Mined Metal ('000 tonnes)	21.96	19.70
Lead		
Feed Grade (%)	1.48	1.44
Mined Metal ('000 tonnes)	5.35	4.93

Zawar Mines

Zawar Mines (ZM) achieved a production level of 45,491 tonnes of contained Zinc and Lead during FY 2010, slightly higher as compared to FY 2009, on account of improved operational efficiencies.

Reserves and resources of Zawar Mines as on 31 March 2010 are 61.2 million tonnes.

It is located about 40 kilometers south of Udaipur, in the state of Rajasthan in India. Zawar Mines are very well connected by roads and have excellent infrastructural and software support. Zawar's water requirement is met from Captive Tidi Dam with capacity of 300 million cubic feet. Power requirement is adequately sourced from 80 MW Coal based captive thermal power plant, Wartsila 6 MW Diesel Generator set and the State grid.

During the year, New Bulk Cleaner circuit of 64 m^3 was commissioned to sustain higher ore beneficiation at 4,000 tonnes per day and significantly improve recovery efficiency of metals. Drill jumbo with LPDT & LHD combination was introduced for mechanized development of the mine to improve safety as well as faster mine development. Several other projects and technical up-gradations were undertaken for enhancement in operational efficiencies and reduction in cost.

Summary of operating results of Zawar Mines:

Zawar Mines	FY 2010	FY 2009
Ore Mined ('000 tonnes)	1,020.25	944.30
Ore Milled ('000 tonnes)	1,013.58	943.18
Zinc		
Feed Grade (%)	3.05	3.34
Mined Metal ('000 tonnes)	28.12	28.19
Lead		
Feed Grade (%)	1.89	2.01
Mined Metal ('000 tonnes)	17.37	16.58

Smelting Operations

Chanderiya Smelting Complex
Chanderiya Smelting Complex (CSC) – the largest single location Zinc smelting complex in the world; achieved a production level of 436,909 tonnes of refined Zinc metal in FY 2010, which is 6% higher compared with the production in FY 2009. The refined Lead production during FY 2010 was 71,627 tonnes, which is 10% higher compared with the production in FY 2009. The increase in metal production is the result of improved throughput, higher plant availability and other operational efficiencies.

Chanderiya Smelting Complex has a capacity of 610,000 tonnes of Zinc and Lead. It also has production capacity of 168 tonnes per annum of Silver; 828,500 tonnes per annum Sulphuric Acid and 234 MW of thermal power. The complex includes two Hydrometallurgical Zinc Smelters, one Pyrometallurgical Lead-Zinc Smelter and one Ausmelt Lead plant. Our Zinc from Hydro plants & Lead products are registered with the London Metal Exchange. Hydro I is a 100% Export Oriented Undertaking. Chanderiya Smelting Complex is located about 110 kilometers north of Udaipur, in the State of Rajasthan, India and is very well connected by both rail and roadways.

Two Zinc smelters (Hydro I & Hydro II) operate on hydrometallurgical Zinc extraction process, conventionally known as Roast-Leach-Electro winning (RLE) process which comprises of Roasting, Leaching and purification, Electro winning and Melting and Casting. Pyrometallurgical Lead-Zinc Smelter employs Imperial Smelting Technology which enables simultaneous production of Zinc and Lead metals through a pyrometallurgical process route.

Summary of Operating Results of Chanderiya Smelting Complex:

Chanderiya Smelting Complex	FY 2010	FY 2009
Refined Zinc (tonnes)	436,909	413,457
Refined Lead (tonnes)[1]	71,627	65,332
Refined Silver (Kg)[2]	176,381	131,739
Saleable Sulphuric Acid (tonnes)	641,313	611,870

1 Includes captive consumption of 7,308 tonnes of Lead in FY 2010 and 5,010 tonnes in FY 2009.
2 Includes captive consumption of 37,831 kilogrammes Silver in FY 2010 and 26,684 kilogrammes in FY 2009.

Case study IMC Ramakrishna Bajaj National Quality Award (RBNQA)

Performance Excellence

Award was instituted in the year 1996 to acknowledge the Business Excellence of the organizations in different sectors. There are different categories of recognition including i) Commendation Certificate. ii) Certificate of Merit. iii) Performance Excellence Trophy, and iv) Award. Irrespective of the size or nature of the organization, the Award criteria are a guide in the journey toward performance excellence. It helps the organizations to align resources; improve communication, productivity, and effectiveness; and achieve strategic goals.

Winning this award is testimonial of the fact that the organization is performing exceedingly well on critical aspects of management that contribute to performance excellence. This award is at par with Malcom Baldrige National Quality Award, USA which is the most prestigious award in the field of Business Excellence.

Chanderiya smelter had participated in the IMC Ramakrishna Bajaj National Quality Award (RBNQA) competition in the year 2008, wherein it had won a 'Certificate of Merit' scoring 666 out of 1000.

Chanderiya smelter took the challenge to improve its score by participating again in the year 2009 and raised the score to 786 out of 1000, thereby winning the 'Performance Excellence Trophy' in the 'Manufacturing Category', a step forward.

The improvement of 120 points in one year is considered a paradigm shift in the way of working of the organization. This is a testament of the way we have worked and improved on various management processes to achieve better results. We scored significantly better than last year in the following areas:
– Senior Leadership
– Governance and Social Responsibilities
– Strategy Deployment
– Workforce Engagement
– Workforce Environment
– Work Process Management and Improvement
– Product and Service Outcomes
– Customer Focused Outcomes

Operational Performance continued

Case study Pug Mill

Our roasters are designed with certain specific size range of concentrate feed. Fine-grinding techniques developed for mines to improve metal recoveries, reduce the compatibility of the feed with our roasters. To overcome this and improve the throughput rate, it was envisaged to premix the concentrate with water/slightly acidic solution that would maintain concentrate feed rates.

In order to do this, a mixer (Pug mill) was proposed to be installed, in the feed preparation stage, to ensure:
- Significant improvement in the consistency of the feed (homogeneity of size and moisture)
- The ability to better mix dross & secondaries with concentrate, for feed to the roasters
- Reduction in the bed temperature restriction that results from uneven moisture & fine particle size
- Reduction in fly-over and adverse affect of high S/S (Sulphide/Sulphur) on Calcine

After a thorough search, mixers from BHS, Sonthofen were selected for this purpose, procured and placed directly at the site where other retro fittings were completed in advance to accommodate the mixer.

The mixers were commissioned in the month of March 2010 in both the Hydro smelters at Chanderiya Smelting Complex. Positive effects:
- Furnace Outlet temperature showed a decline by 30 degrees C
- Uniform profile in the bed temperature
- Uniform mixing of the concentrate and moisture, resulting in lesser fly-over
- Expected benefits due to this: 0.3-1 tph increase in throughput

Zinc Smelter Debari

Zinc Smelter Debari (ZSD) achieved its highest ever production level of 87,347 tonnes of refined Zinc metal, during FY 2010, an increase of 3% as compared to FY 2009 due to improved operational efficiencies.

It is located about 20 kilometers of Udaipur, in the state of Rajasthan in India and very well connected with Air, rail & road networks. It has a capacity of 88,000 tonnes per annum of Zinc. It also has a capacity of 419,000 tonnes per annum of Sulphuric Acid and 235 tonnes per annum of Cadmium.

Zinc Smelter Debari employs conventional Roast-Leach-Electro-winning technology (via Hydrometallurgical route). Its smelting facilities include three roaster units, one leaching unit and a cell house unit. The melting unit consists of three inductor furnaces.

Power requirement is met by our captive thermal plant located in Zawar. It also has a 14.81 MW power generation capacity from Diesel Generator set and 6.5 MW from Waste Heat Recovery.

Summary of operating results of Zinc Smelter Debari:

Zinc Smelter Debari	FY 2010	FY 2009
Refined Zinc (tonnes)	87,347	85,191
Saleable Sulphuric Acid (tonnes)	290,188	267,463

Zinc Smelter Vizag

During FY 2010, Zinc Smelter Vizag (ZSV) produced 54,184 tonnes of refined Zinc metal, slightly higher compared to FY 2009 due to improved operational efficiencies.

It is located in Vizag, in the State of Andhra Pradesh in India and is very well connected via rail, road and port. Zinc Smelter Vizag has a capacity of 56,000 tonnes per annum of Zinc, 91,000 tonnes per annum of Sulphuric Acid and 138 tonnes per annum of Cadmium.

Zinc Smelter Vizag operates on the hydro-metallurgical Roast-Leach-Electro winning Technology. Apart from the production plants, ZSV's state-of-the-art facilities includes Tail Gas Treatment Plant, Effluent Treatment Plant, Reverse Osmosis Plant, Zinc Oxide Plant, Diesel Power House (3.2 MW X 3), Compressor House, Auto Garage, Mechanical & Electrical Workshop, etc.

Power is supplied by Andhra Pradesh Gas & Power Corporations Limited (APGPCL) and APTRANSCO; and water is supplied by Greater Vizag Municipal Corporation.

Summary of Operating Results of Zinc Smelter Vizag:

Zinc Smelter Vizag	FY 2010	FY 2009
Refined Zinc (tonnes)	54,184	53,076
Saleable Sulphuric Acid (tonnes)	74,945	74,935

Dariba Smelting Complex

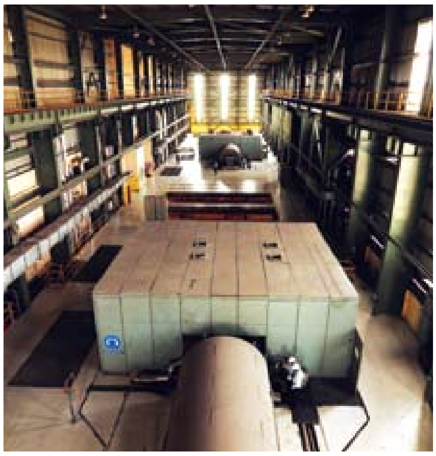
As a part of our ongoing expansion projects, we have successfully commissioned our 210 ktpa Hydrometallurgical Zinc Smelter in March 2010, about a quarter ahead of schedule, at Dariba Smelting Complex (DSC).

It is running in its successful ramp-up stage. The work on 100 ktpa Lead Smelter and 160 MW (2x80) Coal based Captive Power Plant at Dariba Smelting Complex, is progressing as per schedule.

Power

We have strategically installed Captive Power Plants (CPP) to cater to the power requirement of our smelters and mines. We have thermal Captive Power Plants at Chanderiya and Zawar with power generation capacity of 314 MW. In addition we also generate power from our Diesel Generation (DG) units installed at Debari, Chanderiya and Zawar with a total power generation capacity of 35.62 MW. With respect to our green energy initiative projects, we have 123.2 MW wind power plants in the State of Gujarat and Karnataka. We also generate power from the waste heat generated from Roasters. We have 20.2 MW of power generation capacity from waste heat recovery. Any surplus power generated is sold to State grid and power exchanges, thereby helping the power deficit state of Rajasthan.

To further consolidate our Power generation capacity in correspondence to the requirement of the upcoming smelting complex in Dariba, we are in the process of commissioning a 160 MW (2X80) captive power plant at the same location; this will enhance our thermal power generation capacity from the present 314 MW to 474 MW. The erection and commissioning activity in CPP at Dariba Smelting Complex (DSC) is under progress and is well on track for scheduled completion. Operations and maintenance of our power plants have been outsourced to the world's renowned power plant maintenance and operations companies.



As a part of our power cost reduction measures, we have taken various initiatives to decrease the cost of Coal, the main cost driver, including obtaining Coal via Coal linkages, optimizing the blend of Indian and imported Coal, keeping the auxiliary consumption at a minimum and operating the power plants at a high plant load factor (PLF). Our CPP units in Chanderiya and Zawar have maintained consistency in generation by generating more than the installed capacity; we have achieved 100% PLF and look to further achieve more PLF with completion of improvement initiatives in that direction. As a part of our efficiency drive, CILMS (Composite Islanding and Load Management System) was commissioned in May 2009 to keep Chanderiya station immune from heavy system disturbances, which had the potential to cause generation loss/equipment damage.

Key Statistics for FY 2010:

During FY 2010, total power generated was 2,473 million units (MU), an increase of over 25% as compared to FY 2009.

Power generation capacity (MW):

Power generation capacity (MW)	Chanderiya (Rajasthan)	Zawar (Rajasthan)	Debari (Rajasthan)	Samana (Gujarat)	Gadag (Karnataka)	Total
Captive Power Plant	234	80	–	–	–	314
Wind Power Plant	–	–	–	88.8	34.4	123.2
Diesel Generation	14.81	6	14.81	–	–	35.62
Waste Heat Recovery	13.7	–	6.5	–	–	20.2

Operational Performance continued

Coal

Coal is the most important raw material for our captive thermal power plants and the cost of Coal has a significant impact on our cost of production.

Our captive power plants use a mix of Indian and imported Coal. We have taken various initiatives to maximize the percentage of Indian Coal in our plants. We are currently maintaining a fair combination of both Indigenous and Imported Coal as inputs to our Captive Power Plants. 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. Our balance requirement of Imported Coal is currently being catered through imports from Indonesia & South Africa. Our strategy is to procure Coal on TCO (Total Cost of Ownership) basis, to reduce the ultimate cost per unit.

In addition, we secured in January 2006, as part of a consortium with five other partners, the award of a coal block from the Madanpur Coal Block; which is expected to help meet the coal requirements of our captive power plants in the future. Our share in the coal block is 31.5 million tonnes, which, according to the Ministry of Coal of the Government of India, are proved reserves with ash content ranging from 28.7% to 47.0% and gross calorific value ranging from 3,865 Kcal/kg to 5,597 Kcal/kg.

The coal block is located in the Hasdev Arand coal field of Chhattisgarh which is falling under moderate to dense forest. The environment clearance and approval for forest diversion was rejected by the MOEF and accordingly letter of rejection was issued by the state government on 23.1.2010. Company had represented the matter to the Ministry. PMO office had constituted a committee of Secretaries under the Chairmanship of Chief Secretary to review the same.

Wind Power Plants

We have 123.2 MW of wind power generation capacity in the state of Gujarat (88.8MW) and Karnataka (34.4MW). Both these plants are functioning efficiently and feeding electricity to the respective state grids.

> Our wind energy projects in Gujarat and Karnataka have achieved the second highest per Wind Turbine Generator (WTG) power generation amongst the peer group.

Our wind energy mills have the state-of-the-art gearless synchronous wind turbine generator technology which facilitates higher power generation.

During the year, we produced 219.1 Million Units of wind power, marginally lower as compared to FY 2009.

Our wind energy projects in Gujarat and Karnataka have achieved the second highest per Wind Turbine Generator (WTG) power generation amongst the peer group. Our wind energy projects at Gujarat and Karnataka are registered under the United Nations Framework Convention on Climate Change (UNFCCC's) Kyoto protocol for Clean Development Mechanism (CDM). Both the wind projects are registered with a CER potential of 223,000 per annum.

Exploration

Our exploration program is an important element of our growth and expansion strategy. Successful exploration and subsequent development of mineral assets, underlines our mission to be the world's largest integrated zinc and lead producer by 2010. We have a team of 46 qualified geo-scientists supported by the latest and best technology to increase the reserves and resource base of our Company.

Ongoing exploration activities at Hindustan Zinc have yielded significant success with the gross addition of 33.7 million tonnes to reserves and resources prior to a depletion of 7.1 million tonnes in FY 2010. Contained zinc-lead metal has increased by 3.4 million tonnes, prior to a depletion of 0.8 million tonnes during the same period. Total reserves and resources at 31 March 2010 were 298.6 million tonnes containing 34.1 million tonnes of zinc-lead metal and 833 million ounces of silver. The reserves and resources position has been independently reviewed and certified as per the JORC standard.

In FY 2010, a total of 56,400 metres of Brownfield drilling was completed. The success of our exploration efforts has been primarily in the Rajpura Dariba belt (covering Sindesar Khurd and Rajpura Dariba) where we have now established a combined reserve and resource base of 103.03 million tonnes (FY 2009: 83.4 million tonnes). Our exploration results have yielded significant success year on year. The Company has been successful in its exploration efforts with the addition of 185.8 million tonnes of reserves and resources in the period of April 2004 to March 2010, including depletion of 33.4 million tonnes.

Concurrent to near mine exploration, Greenfield focus is maintained to find future mines. Vigorous exploration is in progress in 10 Reconnaissance Permits (nine in Rajasthan and one in Madhya Pradesh) over 9,500 km^2. Of the total 10 Reconnaissance Permits, five new Reconnaissance Permits were granted during the year, in the state of Rajasthan, covering an area of around 3,000 km^2. A total of three projects were advanced to next stage and 12,800m were drilled. Two projects have yielded encouraging mineralized intercepts.

In addition, advanced mineral exploration technologies have been introduced. Hyperspectral data were utilized for mineral alteration mapping. Heliborne Magnetic and Electro-Magnetic surveys (VTEM) were flown over 1,500 km^2 area. We have also pioneered to bring Deep Earth Imaging (Titan) technology in India to locate concealed opportunities, with completion of survey at three locations with promising results.

Research

Central Research and Development Laboratory

We recognize the demands of highly competitive and complex business environment and thus have established our in-house Research & Technology Development Centre (CRDL), for continuous improvement in operating practices, product improvements and technology. We aim to establish a world class Research & Development Centre for all the non-ferrous producers in India & across the world.

Our dedicated team in the CRDL aims to establish the Company's image as a leading technology driven company through in-house development of path breaking technologies or by working closely with technology leaders, universities, and research institutions in India & overseas.

The CRDL undertakes various initiatives for improvement in product quality, production processes, enhance metal recovery, cost reduction initiatives, benchmarking and identifying beneficial use of solid wastes etc. CRDL also acts as referral laboratory/umpire for samples from export/import consignments and exploration.

Reserves and Resources as on March 31, 2010

	Resources						Reserves		
	Measured and indicated			Inferred			Proved and probable		
		Grade %			Grade %			Grade %	
	Mt	Zinc	Lead	Mt	Zinc	Lead	Mt	Zinc	Lead
Rampura Agucha	20.99	14.67	1.92	23.66	11.80	1.92	75.71	14.23	1.99
Rajpura Dariba	7.66	7.80	2.26	26.75	8.12	2.03	7.80	6.25	1.40
Sindesar Khurd	17.25	5.67	3.52	32.83	4.98	3.35	10.74	5.45	2.95
Bamnia Kalan	1.69	5.29	1.84	3.37	5.00	3.80			
Zawar	24.66	5.00	1.80	28.70	4.76	2.71	7.85	3.66	1.95
Kayar	2.30	12.58	1.87	6.71	9.95	1.67			
Total	74.54	8.41	2.28	122.02	7.21	2.55	102.09	11.89	2.04

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

Operational Performance continued

The Central Research and Development Laboratory is a laboratory recognized by 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.

Significant Achievements/projects undertaken during FY 2010 include:
- Quality improvement of the Rajpura Dariba concentrate by graphite reduction using pre-graphite flotation before bulk flotation circuit – Increased internal consumption of the concentrate with improved metal recovery.
- Recovery of metal values from Sinter (HGP) dust – Validation of process flow-sheet and optimization of parameters. Under implementation.
- Maximize bleed of the Magnesium (Mg) and Manganese (Mn) impurities from hydro smelters – Improved cell house performance.
- Establishing Quality control protocol for Nigrosine in RAM
- Successful implementation of 5–S workplace management systems. Revision of ISO certificate from 9001:2000 to 9001:2008 for Quality Management System (QMS).

Growth Projects

During the year, we successfully completed the following projects:
- Successfully commissioned the 210 ktpa Hydro Zinc smelter in Dariba Smelting Complex.
- Successfully commissioned the 1 mtpa concentrator at Rampura Agucha.

The expansion projects announced in FY 2009, in line with achieving our stated production capacity goal of one million tonnes of metal per annum, are progressing as per schedule.

The 210 ktpa Hydro zinc smelter at Dariba was successfully commissioned in March 2010, a quarter ahead of schedule. SHG Zinc (99.995%) was produced on the fourth day from commissioning. 1 mtpa concentrator at Rampura Agucha was also commissioned successfully in March 2010, around three months ahead of schedule. Our total Zinc and Lead metal production capacity now stands at 964 ktpa.

The 210 ktpa Hydro zinc smelter at Dariba and 1 mtpa concentrator at Rampura Agucha were successfully commissioned in March 2010, a quarter ahead of schedule.

The work at the 100 ktpa lead smelter and the 160MW CPP at Dariba, is progressing well for scheduled completion in Q2 FY2011. The Sindesar Khurd mine project is also on schedule for progressive expansion to 1.50 mtpa. We will also progressively increase our Silver production from the current levels of 180 tonnes per annum to a level of approximately 500 tonnes per annum. Post completion of the 100 ktpa lead smelter, we will become the world's largest integrated zinc-lead producer having total Zinc-Lead metal production capacity of 1,064 ktpa.

Marketing

In India, we have been successful in maintaining over 74% market share in Zinc. We are also fulfilling Zinc demands of Far East, Middle East and African countries that remain net importers of Zinc.

We have been very determined in our efforts towards developing new customers and broadening our customer base all around the world. The year on year increase in our metal capacities through various expansions, has been fundamental basis of our marketing efforts.

Sulphuric Acid

In FY 2010, we produced 1,035,588 tonnes and sold 1,038,496 tonnes of Sulphuric Acid, an increase of 9% and 7% respectively as compared to FY 2009.

Sulphuric Acid is one of the important by-products that we produce. Over the years, we have established a very good domestic market and are the largest suppliers of Sulphuric Acid in the Country.

With the commissioning of Dariba Hydro Smelter, the total installed production capacity of Sulphuric Acid has increased to 1.64 mtpa.

The prices of Sulphuric Acid are directly related to that of Sulphur. The prices for Sulphuric Acid have been soft in the first half of the year. However, in the later half of the year, the prices have improved with the increase in the Sulphur prices.

Human Resources

People are our key resource and it's with their contributions that the Company has been able to grow phenomenally and is poised to become the world's largest integrated Zinc–Lead producer.

Over the years, we have been recruiting a sizeable number of graduate engineers and graduates. During the year, we recruited 327 engineers and 267 graduates, besides other professionals. Our employee strength was 6,986 as against 6,661 in the previous year.

We continue our focus on learning and development to build an enhanced and effective knowledge base, to provide skilled manpower for the new expansions. Besides the technical training, 1,450 employees were covered under behavioral safety training program 'Suraksha-Jyoti' and 822 employees were imparted training under 'Navajagaran'. Training programs on 5S, Quality Circles, Six Sigma, etc. were also organized.

In our journey to become a world class mining and metals Company and to create a learning organization, 85 employees visited International Mines & Smelters to learn best practices. On-line Learning and Development System was launched to facilitate effective planning and monitoring of learning & development initiatives; and to enable employees to nominate themselves for training programs on need basis.

To build a leadership pipeline to meet our expansion requirement, a systematic process of identifying the high potential employees was carried out and 22 employees were identified as the 'Star of Business'.

To sustain the continuous improvement culture, the improvement projects scheme was launched for the second year. An initiative to reduce our cost of production was also launched during the year in partnership with Accenture. Employees across all levels were involved in brainstorming and identifying cost reduction opportunities. More than 400 employees have identified over 240 projects under this initiative. 92 Quality Circles are in place in the Company, involving 726 employees who identified work related problems and solved them to improve productivity, quality and other operational parameters.

We have always believed in maintaining cordial relationship with our employees. During the year, Long Term Settlement was signed with the Employees' Federation, for a period of five years effective July 2007. New residential complex with modern facilities at Dariba and a new school at Vizag were some of the initiatives taken to further enhance the quality of life of the employees.

Financial Review

Table 1: Hindustan Zinc's Abridged Profit & Loss Statement (Rs Crore)

	FY 2010	FY 2009
Net sales from operations	8,017	5,680
Other income	722	931
Total Income	8,739	6,611
Mining manufacturing and other expenses including adjustment for change in stock	3,347	2,946
Financial expenses	44	22
Depreciation	334	285
Total expenditure	3,725	3,253
PBDIT	5,392	3,665
Income Tax	973	631
PAT	4,041	2,728
Earnings Per Share (Rs)	95.65	64.55

Financial Review

Financial information is presented in accordance with the Accounting Standards (AS). Our reporting currency is Indian Rupees (INR).

FY 2010 has seen a strong financial performance at the back of higher production volumes, improved operational efficiencies and capacity addition. This has helped the Company to maintain its cost competitiveness and sustain profitability. Table 1 present the summary of financial performance during the year FY 2010.

Sales

Company sold 386,000 tonnes of zinc metal in the domestic market, while export accounted for 192,000 tonnes. Sale of Lead metal in the domestic market was 51,000 tonnes, while the export sale accounted for 13,500 tonnes. Company also sold 223,500 Dry Metric Tonnes (DMT) of surplus zinc concentrate and 30,900 DMT of surplus lead concentrate in FY 2010.

Production

During FY 2010, the Company recorded its highest ever mined and refined metal production of 768,620 tonnes and 650,038 tonnes respectively of Zinc & Lead, up 4.5% and 5.3% respectively, compared to FY 2009. The Company also recorded its ever highest Silver production at 176,381 kilograms, an increase of 33.9%, compared to the previous year.

Revenue

The revenue during the year increased from 5,680 Crore to 8,017 Crore, up by 41%. This was mainly due to volume growth and higher LME realization.

Cost of production:

Unit cost of production in FY2010 excluding royalties was 15% higher at US$ 698 per tonne compared with US$ 609 per tonne in FY2009, primarily due to lower Sulphuric acid credit which fell by US$123 per tonne and wage increases arising out of a long term wage settlement agreement. Royalties were higher at US$152 per tonne in FY2010 on account of increased LME prices and higher royalty rates. The royalty rate, which is linked to LME, was increased from 6.6% to 8.4% for zinc and from 5.0% to 12.7% for lead, with effect from 13 August 2009.

Other Income

Other income during FY 2010 was Rs 722 Crore, lower by around 22% as compared to the previous year, despite increase of around Rs 4,000 Crore in the investments base. This was mainly on account of the decline in investments income owing to the declining market interest rates. The post tax rate of return on investments came down to 5% in FY 2010, from 8% in FY 2009.

Operating margins

PBDIT in FY 2010 was Rs 5,392 Crore, up by 47% compared with FY 2009. This was primarily due to significant increase in LME of Zinc and Lead metal prices, up by 24% and 20% respectively. The positive impact of higher volumes, rupee appreciation against US dollar and stable operating cost, contributed significantly to Company's operating margins.

Taxation

Company had taken several tax saving initiatives, which have helped in maintaining stable current tax rate from 16.4% in FY 2009 to 16.6% in FY 2010, despite significant increase in profits.

Liquidity and Investment

As on 31 March 2010, the Company had cash and cash equivalent of Rs 11,900 Crore. This includes 11,000 Crore in debt mutual fund, and Rs 900 Crore in Fixed deposit with banks. Excellent cash conversion in FY 2010 has ensured that we exited the year with a strong balance sheet, even with the significant capital investment of Rs 2,400 Crore in the period.

Cash Flows	FY 2010 (Rs Crore)	FY 2009 (Rs Crore)
Operating Activities	4,077	2,713
Investing Activities	(3,881)	(3,419)
Financing Activities	(187)	(137)

Working Capital

Gross working capital represented by inventory, sundry debtors, and loans and advances; remain stable from 1,065 Crore to Rs 1,068 Crore as at 31 March 2010. The working capital cycle improved from 69 days in FY 2009 to 54 days in FY 2010.

Inventories decreased to Rs 452 Crore as on 31 March 2010, as compared to Rs 546 Crore as on 31st March 2009. Debtors reduced to Rs 152 Crore as on 31 March 2010, as compared to Rs 165 Crore as on 31st March 2009. This was due to improved inventory turnover and collection cycle. Loans & advances increased to Rs 457 Crore as on 31 March 2010, as compared to Rs 313 Crore as on 31 March 2009.

Gross Block

The gross block in FY 2010 increased to Rs 9,354 Crore from Rs 6,964 Crore in the previous year. This was due to the commissioning of our 210 ktpa Hydro Zinc smelter in Dariba Smelting Complex and 1 mtpa concentrator in Rampura Agucha; and other sustainable capex.

Capital Employed

Total Capital employed by the Company in FY 2010 was Rs 6,248 Crore, as compared to Rs 4,718 during the previous year. The increase was essentially due to significant increase in the profits for the year. The ratio of sales to capital employed has increased to 1.28 times in FY 2010, compared to 1.20 times in the previous year.

Business review

Risks and Uncertainties

Our business and operations are subject to a variety of risks and uncertainties which are no different from any other company in general and our competitors in particular. Such risks are the result of not only the business environment within which we operate but also of other factors over which we have little or no control. These risks may be categorized between 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 minimizing various risks to which our businesses are exposed to during the course of their day-to-day operations as well as in their strategic actions.

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 the impact to the Company if a risk materializes and its likelihood of crystallization 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 coordinated 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 program is reviewed by our Audit Committee on behalf of the Board.

Our risk management framework includes:
- Hindustan Zinc – Risk management policy.
- The risk organization structure.
- Roles and responsibilities for managing risks.
- Guidelines on the risk assessment process.
- Possible response to identified risks.
- Templates for documenting and reporting risks.

The risks that we regard as the most relevant to our business are identified below. We have also commented on certain mitigating actions that we believe help us manage such risks.

Commodity Price Risks

Our revenues are directly linked with the global market for our products, viz. zinc and lead which are priced with reference to LME prices. Adverse fluctuation in prices of these commodities could have a significant impact on financial performance.

While we aim to achieve the average LME prices for a month or for a year, average realized prices may not necessarily reflect the LME price movements because of a variety of reasons including uneven sales during the year. 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.

The political, legal, fiscal and other regulatory regimes in the country may result in higher operating cost or restrictions such as the imposition or increase in royalties, mining rights, taxation rates and so on. Changes to government policies such as changes in royalty rates, reduction in assistance given by Government of India for exports and reduction or curtailment of income tax benefits available are some of the examples of risks under this category. Any downturn in overall health of the economy, any political and/or regional instability may impact our margins.

We strive to maintain harmonious relationships with the governmental bodies and actively monitor developments 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 to ensure that risks have been properly identified and managed.

Risks and Uncertainties continued

Reserves and Resources

The ore reserves stated in this report are estimates and represent the quantities of zinc & lead that we believe could be mined, processed, recovered and sold at prices sufficient to cover the estimated future total costs of production, remaining investment and anticipated additional capital expenditures. Our future profitability and operating margins depend upon 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 in mineralogy.

Delivery of Expansion Projects on Time and Within Budget

We have a strong pipeline of growth projects. Our current and future projects may be significantly delayed by failures to receive regulatory approvals or renewal of approvals in a timely manner, failure to obtain sufficient funding, technical difficulties, human resources constraints, technological or other resource constraints or for other unforeseen reasons, events or circumstances. As a result, these projects may incur significant cost overruns and may not be completed on time, or at all.

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

Assets Use Continuity and Insurance

Productive assets in use in mining and smelting operations and the associated power plants may face breakdowns in the normal course of operations or due to abnormal events such as fire, explosion, environmental hazards or other natural calamities. Our insurance policies may not cover all forms of risks due to certain exclusions and limitations. It may also not be commercially feasible to cover all such risks. Consequently, our insurance coverage may not cover all the claims including for environmental or industrial accidents or pollution.

We regularly carry out extensive review on the adequacy of our insurance coverage by engaging consultants and specialists and 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 reputation.

We accord very high priority to safety, health and environment matters 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 improvements by the experts. We also have audits by independent & reputed agencies.

Operational Risks

Our operations are subject to conditions and events beyond our control that could, among other matters, increase our mining, transportation or production costs, disrupt or halt operations at our mines, smelters and power plants and production facilities for varying lengths of time or even permanently. These conditions and events include disruptions in mining and production due to equipment failures, unexpected maintenance problems and other interruptions, non-availability of raw materials of appropriate 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 these areas and have consistently demonstrated our ability to actively manage these problems proactively.

It is our policy to realize 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 and lead. Appreciation of the Indian rupee vis-à-vis the US dollar can 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 Group-wide hedging policy. The policy is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

Financial Risks and Sensitivities

Within the areas of financial risk, our Board has approved policies which embrace liquidity, currency, interest rate, counterparty & commodity risks; and are strictly monitored at our Executive Committee meetings.

Our core philosophy in treasury management revolves around three main pillars, namely (a) capital protection, (b) liquidity maintenance, and (c) yield maximization. Day-to-day treasury operations are managed by our finance teams within the framework of the overall Group 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 Group 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 minimize, wherever possible, the negative impact of the recent global recession.

Counterparty Risks

We are exposed to counterparty credit risks on our investments and receivables. We have clearly defined policies to mitigate 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 also review the underlying investment portfolio of mutual fund houses to ensure that indirect exposures or latent exposures are minimized.

The investment portfolio is monthly being 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. 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.

Employees

People are one of our key assets and we derive our strengths to maintain our competitive position from our people. Therefore, people in general and key personnel in particular leaving the organization is a risk. Additionally, our inability to recruit and retain good talent would adversely affect us. Our vision is to build a fast, flexible and flat organization 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 organization 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 have 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 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 realized, 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 materialize, 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.

Sustainable Development

Health, Safety & Environment

We consider Health, Safety and Environment (HSE) as a key element for our business and philosophy; and stay committed to continuous improvement in line with our HSE policy. Our HSE focus is evident all across the Company. Each unit has a dedicated HSE team including energy and water managers. In addition, as a regular practice, we have engaged reputed consultants including KPMG, Chillworth global, National Safety Council and Descon Consultants for assessing our performance, identifying gaps and suggestions for improvements.

Our efforts are built around three pillars:

Safety:	Provide a safe workplace.
Environment:	Minimum harm to environment by conserving natural resources through efficient use.
Health:	Eliminate occupational illness.

Safety

Safety is the most important consideration for any of our activities. We strive for continuous improvement in our safety performance; and ensure effective involvement and open communication of all safety matters at all levels in the organization.

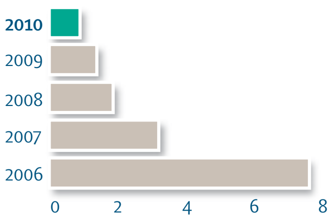
We aim to operate a safe workplace that is injury-free and believe that all work- related illness and injuries are preventable.

Safety Performance

We follow the 'Lost Time Injuries Frequency Rate (LTIFR)' index system for evaluating the safety performance. It is the number of lost time injuries per million man-hours worked.

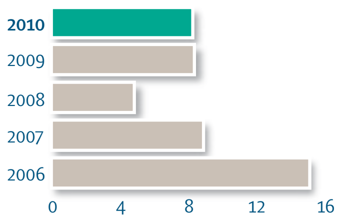
We have consistently improved our LTIFR at smelters from 7.59 in 2005–06 to 0.86 in 2009–10, a significant reduction of 88%. These continuous improvements have made our smelters comparable to global smelters in safety performance.

Smelters – LTIFR



Continuous focus on safety at mines has resulted in improvement in LTIFR performance from 15.08 in 2005–06 to 8.22 in 2009–10, showing a decrease of 45%. Recently we have had an exhaustive audit of underground mines, the observations of which are under implementation.

Mines – LTIFR



Despite of our continuous efforts and strong focus on safety management, we had two fatalities of contract employees at our project site. Both of these were at township construction sites of our project location. Disciplinary actions were taken against the responsible employees and contract supervisor for safety accountability; and the site was kept closed for more than 40 days till all compliances were completed after thorough audit post accidents.

Certain safety initiatives focused on improving safety systems and building & strengthening our 'safety culture' taken during the year are:

- Over 45,000 man-days – safety training to employees & contract workmen. Mandatory safety training (Up to three days) by our safety experts to all the new employees. Engaged reputed consultants like National Safety Council – Mumbai; Sum Amicus Consultants Private Limited - New Delhi and IMME - Kolkata to train our employees on wide spectrum of topics including fire & safety, behavioral safety training 'Suraksha Jyoti' and driving & road safety.
- Regular audits of our safety management system. Five rounds of audits across all locations, during the year.
- Strengthened Safety Score Card to measure safety performance on monthly basis by incorporating lead indicators and audit observations.
- Group level interactions of Safety professionals to facilitate sharing of best practices.
- Visible commitment by senior management, PPE compliances, structured training, safety workshops, internal & external audits, and implementation of recommendations, are the key drivers in our safe performance. To ensure cohesiveness among the safety officers of all units and share best practices, three inter-unit safety workshops were organized. Specific action plan were prepared and necessary actions were taken. Few actions to list are as under:
  - Implementation of proactive, severity based 5S system across the organization.
  - Exposure of safety team to companies with international best practices.
  - Improving the safety signage across smelters.
  - Training on the provisions of the Factory Act.

Environment

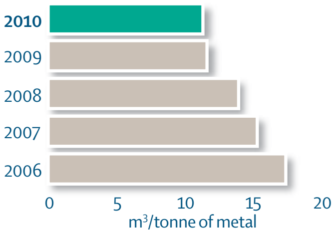
We are committed towards minimizing the environmental impacts of our operations through adoption of best available technology, resources, recycle/ reuse practices and conserving bio-diversity in and around our operations. Our key focus is to conserve Lead-Zinc ore and judiciously use the natural resources including water, energy and land.

Water

We have a long-term approach to water management that aims to improve our performance and contribute to sustainable water management. We adopt best practices to ensure judicious use and conservation of water.

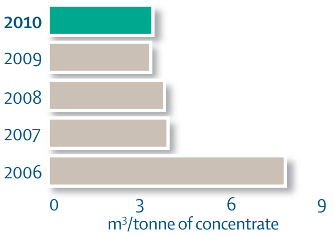
During the year, we have been successful in reducing our water-footprints by reducing our specific water consumption (i.e. cum water consumed per tonne of output, metal at smelters & concentrate at mines) at our mines and smelters. Specific water consumption at smelters has improved from 17.33 in 2005–06 to 11.18 in 2009–10, a reduction of 35%.

Sp Water consumption, Smelters



Specific water consumption at mines has improved from 7.77 in 2005–06 to 3.37 in 2009–10, a reduction of 56%.

Sp Water consumption, Mines



Initiatives Taken

During the year, we have undertaken several projects to reduce our specific water consumption with increase in productivity. Notable amongst them are:

- Increasing Cycle of Circulation (COC) of cooling tower water at Chanderiya smelter.
- Enhanced recycling of effluent in reverse osmosis plant at Chanderiya smelter.
- Successfully completed five water conservation projects at Chanderiya power plant under Six-Sigma methodology.
- Replacement of water filters by air filters at Rampura Agucha Mine
- Using evaporation retardant chemicals at water storage area and over tailing dam, at all mines and smelters
- The tailing generated at mines during beneficiation process is transported to the tailing dam in the form of slurry through pipe lines. The water which gets stored in tailing dam is then reclaimed and used back in the processes. This year we have increased reuse of this tailing dam reclaimed water at all mines.

Sustainable Development continued

We have maintained zero-discharge at all our smelters and mines.

As recognition of these efforts, this year Rampura Agucha Mine has received 'Water Excellent Award – 2009' from CII-ITC.

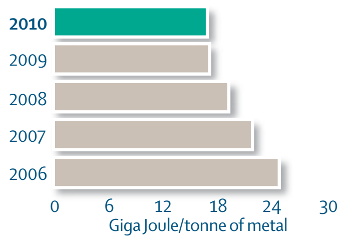
Energy

We believe in energy efficiency and optimization which reduces operating costs and environmental impact by reducing direct and indirect greenhouse gas emissions.

Through our continuous efforts towards energy conservation and captive power generations, which operate at benchmark efficiency, we have been successful in reducing our specific energy consumption (i.e. GJ of energy consumed per tonne of output, metal at smelters & concentrate at mines) at mines and smelters.

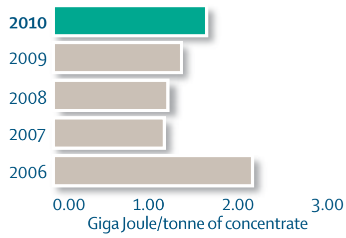
At smelters, the specific energy consumption has reduced from 24.62 in 2005–06 to 16.90 in 2009–10, a reduction of 31%.

Sp. Energy Consumption, Smelters



At mines, the specific energy consumption has reduced from 2.19 in 2005–06 to 1.66 in 2009–10, a reduction of 24%. All our underground mines have improved upon specific energy consumption. The specific energy consumption at Rampura Agucha Mine has increased due to higher excavation.

Sp. Energy Consumption, Mines



Initiatives Taken

Few of the projects undertaken during the year to reduce our specific energy consumption are:

- Installation of VFD at Chanderiya complex, saving 8.6 Lac units for the year.
- Controlling temperature in 8.0 MW steam turbo generator of Debari smelter.
- Equipment optimization at Debari and Vizag smelter.
- Installation of Capacitor bank to improve the power factor at Rajpura Dariba Mine.
- Automation of trippers and ball mill feeder, improved the through-put in the ball mill at Rajpura Dariba Mine.
- Utilization of energy efficient electrical fittings at office buildings at Zawar Mines.
- Several rounds on internal energy audits for exploring new energy consumption reduction opportunities at Rampura Agucha Mine.
- Optimization of stream III at Rampura Agucha Mine.
- Added high capacity, energy efficient dumpers at Rampura Agucha Mine.

We believe in energy efficiency and optimization which reduces operating costs and environmental impact.

Managing Climate Change

We always endeavor to minimize the impact of our operations on the environment. Climate change being a global cause of concern for social, economic and environmental development, we recognize its importance and strive to mitigate the effect as a part of our social responsibility.

We have Wind Power mills at two locations: Samana (Gujarat) & Gadag (Karnataka) having combined power generation capacity of 123.2 MW and combined potential of 223,000 CERs/annum. Last year both of our Wind Power Plants got registered as Clean Development Mechanism (CDM) projects under United Nations Framework Convention on Climate Change (UNFCCC). Additionally, we already have a 9.4 MW capacity waste heat recovery boiler (that generates power by utilizing waste heat) at Chanderiya Smelter, which is also UNFCCC registered CDM project. During the year, we have also received Host country approval for two waste heat recovery based boilers at Chanderiya.

Case study Utilization of Smelter solid wastes

Zinc smelting processes by their intrinsic nature generate significant quantum of solid wastes.

The pyrometallurgical process generates approx 0.7 tonnes of slag for each tonne of zinc produced while hydrometallurgical processes generate about 1 tonne of jarosite waste for each tonne of zinc produced. We are committed to minimizing the environmental impact of our operations and engage in safe and environmentally secure disposal of all these wastes adopting the best available technologies and practices. We believe in the 3R principles of Reduce, Reuse & Recycle; and follow these principles in our efforts towards waste management.

Gainful Utilization of Slag
Our efforts for utilization of slag started at Chanderiya Smelting Complex (CSC), with the premise that slag can be a very valuable constituent for cement production. Several studies were carried out through research institutes to establish the technical feasibility of using slag in cement. The R&D studies with premier institutions like National Council for Cement and Building Materials (NCCBM), Central Road Research Institute (CRRI), and Malviya National Institute of Technology (MNIT) indicated its safe and beneficial utilization in cement manufacturing and for road construction. Based on this, we have approached near-by cement industries.

Post the required approval from the statutory bodies we have successfully utilized the slag in cement manufacturing. Old stockpile accumulated over previous years has been reduced considerably.

- Benefits to stakeholders:
- Advantage for cement industries as raw material is available in proximity
- Conservation of natural resources
- Environmentally favorable
- 40 ha land has become free and is available for other use.

We have been voluntarily filing Carbon Disclosure Project (CDP) responses as a proactive step towards reporting our carbon foot-printing. This year too, we had filed CDP 7 responses.

Waste Management

Ours being a non-ferrous metal industry, hazardous as well as non-hazardous waste are generated at the mines and smelters. We hold clear focus on waste minimization and

Sustainable Development continued

strive for its alternative gainful use. We undertake extensive R&D and liaison with premier institutes & expert bodies to develop gainful utilization of these wastes. We are the first company in Asia to employ the state-of-art technology of Jarosite stabilization called Jarofix technology patented by the world renowned CEZ (Canadian Environmental Zinc).

This year around 223,600 MT (100% of generation) of Fly ash and about 320,500 MT (more than our generation) of ISF slag have been utilized by cement manufacturers. 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 utilized.

Plantation

Over the years we have done good number of plantation at all our operating mines and smelters and continue to further increase the greenbelt coverage. Few of our sites have engaged local horticulturist experts to restore the wasteland by plantations. During the year, we have planted 45,000 trees across all operating sites including Jatropha plants. Our total plantation is more than 900,000 across all our operating sites.

Our journey in this direction has been recognized by 'CII-ITC Sustainability Award 2009 – Commendation for Strong Commitment towards sustainability' and 'Golden Peacock Environment Management Award 2009'. We also received 'Leadership & Excellence Award in HSE' by CII and 'Stars of the Industries Awards 2009 in Green Manufacturers category 2009 – Debari Zinc Smelter', this year.

We aim to eliminate occupational illness by providing a workplace that is free from occupational health risk and hygiene hazard.

Occupational Health

We aim to eliminate occupational illness by providing a workplace that is free from occupational health risk and hygiene hazard; and proactively work with employees and contractors to contribute towards healthier lifestyles. This also facilitates increase in productivity and reduced absenteeism.

We have occupational health experts across all mines and smelters for regular health examination of employees, contract workmen and workplaces. Specific examination including blood Lead test, audiometric tests, Spriometry test, ECG and chest x-rays are carried out. We have an internal monitoring system that ensures periodic medical examinations. During the year, more than 8,700 employees have undergone initial/periodical medical examination. There was no case of occupational disease reported during the year.

Community Engagement

Proactive management of our impact on society and environment is integral to our business. We are committed to raise the quality of life and social well being of communities in and around our operations. Our several high impact initiatives aim to achieve sustainable socio-economic development of communities.

Our framework of community engagement starts with need assessment and baseline studies, wherein the data is collected based on the 'Participatory Rural Appraisal' interviews with village heads, Sarpanchs, Panchayat members, farmers, SHG members and other stakeholders. Their feedback is used to develop new programs and improve on the existing ones.

Our approach to community development is holistic, robust, integrated, intensive, long term and sustainable; it is based on People-Public-Private-Partnership (4P) model. In all community efforts, we partner with like-minded organizations, including government agencies, Non-governmental organizations (NGOs), local communities and Panchayats; which while complementing our work, help us to leverage the expertise, core competencies, reach and resources.

We have a team of 150 CSR professionals, specialists and grass root workers. We are signatories of the United Nations Global Compact, TERI-BCSD, and National Population Stabilization Fund and network with the national bodies including the Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industries (CII) and the Federation of Indian Mineral Industries.

Of our total outreach of 180 villages, five Lac people and 54,000 households, in the four districts of Rajasthan and one district of Andhra Pradesh, intensive interventions have been done in 61 villages through an indicator driven process designated as the 'Integrated Panchayat Development Program'. In the rest of the 119 villages, we adopt an extensive approach. Internal reviews and audits of our community interventions are periodically conducted to facilitate transfer of autonomy to the villages and expand our reach.

Project	Objective	Partners	Impact	Going forward
Integrated Panchayat Development Program	To improve 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) and Action for Community Empowerment (ACE)	Improvement in overall quality of life in 61 strategic villages	Quality of life of 18,246 families of 16 Panchayats will be improved.

Snapshots FY 2010:

Health & Hygiene

1. Organized 194 rural medical camps benefitting 22,386 patients in collaboration with HelpAge India & ACE; and medical check-up camps at all Child-Welfare-Centers (CWC) benefitting more than 800 children. Organized several issues based camps like Family Planning Camps, Immunization Camps, Surgical Camps, Gynecology Camps, Anti Tobacco Camps, Eye Care Camps, Blood Donation Camps etc., benefitting around 48,000 people.
2. Free medical treatments to 86,878 rural people through Company run hospitals; support to 5,000 epilepsy patients; and financial help to 1,445 widows by providing free medicines.
3. Fogging in seven villages benefitting 22,334 villagers for malaria & dengue control.

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 230 toilets in 19 villages. Reduced incidence of poor sanitation and hygiene related disease by 80% in targeted 19 villages; and will sustain the system	3,200 low cost toilets in 61 villages of 16 Panchayats of four districts
Vedanta Heart Hospital, Udaipur	Up-gradation of existing cardiology centre at Udaipur with state-of-the-art Heart Care Centre benefitting the needy population of Southern Rajasthan, suffering from heart ailments	Government of Rajasthan, RNT Medical College – Udaipur, Nous Hospital & Consultants Pvt. Ltd	Reduced turn around period for indoor patients, networked referral with national level health institutions for higher clinical management	Vedanta Heart Hospital will provide all facilities to Below Poverty Line (BPL) families free of cost

Sustainable Development continued

Education

1. Felicitated 100 meritorious students of class VII to XII. Provided scholarship amounting to Rs 1.04 Lac to 32 talented students for higher education.
2. Organized remedial classes for poor performers benefitting 3,260 students of VIII to XII. Benefitted 252 Adults through nine Adult Education centers.
3. Regular monitoring of existing 28 CWCs. Regular monitoring & follow up of 400 Anganwadi Centers (AWC) under Vedanta Bal Chetna Anganwadi project (VBCA) Phase-I benefitting 13,000 children of age group three to six years, ensuring the health care, imparting non-formal education in play way method to improve the attendance in recorded time at each centre. Regular monitoring of existing computer education programme in all 200 government schools benefitting 20,000 students.
4. Launched VBCA Phase-II project in 600 AWCs benefitting more than 39,000 children of age group nought to six years.
5. Provided school furniture & dresses to underprivileged in 68 government schools benefitting 3,587 students. Provided study material, bags, and plates to 1,822 poor students. Provided sports kits to two students, one each for Hockey & Football.

Project	Objective	Partners	Impact	Going forward
Midday Meal Program	To improve the enrolment, attendance, retention and nutritional status among Primary and Secondary School underprivileged students	Nandi Foundation, District Administration & Government of Rajasthan	Catering to more than 180,000 students through six hi-tech centralized kitchens. Overall school attendance has improved by 90% and girls attendance by 70% as per World Bank Study report	Establishment of two centralized kitchens in FY 2011 catering to 40,000 additional students
Vedanta Bal Chetna Anganwadi Project	Holistic development of over two Lac children (nought to six years age group) in 3,500 Anganwadi Centers, in phases, for improvement in health, pre-school education and linkage with formal education.	Government of Rajasthan, Sterlite Foundation, Integrated Child Development Service (ICDS).	1,000 centers (400 of Phase-I and 600 of Phase-II), more than 51,000 children. Improvement in nutritional status, overall health indicators and increase in average attendance by 36%.	Scaling up to an additional 2,500 Anganwadi Centers in next three years
Vedanta Computer Education Project	The Project aims to achieve benchmark computer education as an integral part of government education system in rural government schools to make the students literate with basic computer knowledge	Government of Rajasthan, Vedanta Foundation, District Education Department	20,000 students in 200 rural government schools in four districts, of which 68% of the students are equipped with basic computer knowledge in Word, Excel & Power Point.	Scaling up to additional 500 rural schools in FY 2011 on Computer Aided Learning Program (CALP) model of Rajasthan government with 100% coverage of girls' schools.

Sustainable Livelihood

1. Organized 3,193 Self-Help-Group (SHG) meetings benefitting 2,697 SHG members
2. Provided tailoring training to 250 village women. Provided agarbatti making, detergent powder & soap making training to 40 SHG members.
3. Distributed 15 sewing machines to trained women at Vizag Zinc Smelter.

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 80% employability	Sankalp, Rajasthan Mission on Livelihood, Aid-et-Action, SEED, Ministry of Rural Development, Government of India and SIRD	Imparted training to 1,800 rural youth. More than 85% trained youth are self employed with monthly income of Rs 4,000 to 8,000	Scaling up to additional 3,200 rural youth in FY 2011
Women Empowerment – Self Help Groups (SHGs)	Socio-Economic Empowerment of Rural Women by formation and strengthening of Self Help Groups	District Rural Development Agency, Women & Child Development Department, Non-governmental organizations (NGOs)	215 SHGs comprising of 3,700 rural women, strengthened with regular monthly saving, inter-loaning and linked with micro enterprise with additional monthly incomes up to Rs 4,000	Formation of new 150 women Self Help Groups in FY 2011

Sustainable Development continued

Agriculture & Animal Husbandry

1. Organized 155 cattle camps benefitting 105,463 cattle; mass cattle vaccination program in 30 operational villages benefitting 6,230 cattle.
2. Organized farmers' training benefitting 618 farmers in joint collaboration with government agriculture department.
3. Distributed hi-yield seeds and fertilizer kits to 1,168 farmers. Established 35 vermi compost units benefitting 35 farmers.

Project	Objective	Partners	Impact	Going forward
Integrated Agriculture & Livestock Development Plan	To increase agricultural productivity and improve livestock health status through targeted interventions	BAIF, District Agriculture Department	568 animals artificially inseminated; Pregnancy diagnosis in 546 cattle and pregnancy conception in 284 cattle; distributed Lucerne seed to 120 farmers; 2,080 cattle de-wormed; and Foot and Mouth Disease vaccination to 3,324 cattle. Reduction in cattle mortality by 50% with 30% improvement in agriculture yield	180 villages and more than 80,000 cattle in FY 2011

Sustainability

Social Mobilization

1. Organized 7 Village Development Committee (VDC) meetings; 84 cultural awareness programs on various social issues like HIV/AIDS, Swine Flu and Family Planning benefitting more than 40,000 villagers; and Nukkad Nataks in 10 villages to create awareness on issues including child marriage, education, alcoholism, aids and sanitation.
2. Financial relief of Rs 6.17 Lac to six patients.
3. Conducted socio-economic impact study of Chanderiya Smelting Complex in Chittorgarh City covering 1,800 people.
4. Provided safe drinking water in 32 affected villages benefitting 28,000 people
5. Distributed cooking vessels, steel plates, school furniture, uniforms, and spectacles to students. Sponsored 17 rural school sport tournaments benefitting 13,250 students.

Infrastructure Development

1. Installed two tube wells (one each) at Maton & Rajpura Dariba Mine benefitting 3,500 villagers.
2. Kanpur Drinking Water Project has been completed and handed over to the Panchayat.
3. Constructed, repaired & renovated; Community centers, school buildings, boundary walls, drainage systems, CC roads, pipelines, etc. benefitting more than 20,000 villagers.

Case study Mobilizing farmer community – Rajpura Dariba

This study depicts the successful journey initiated by Hindustan Zinc Corporate Social Responsibility team (CSR) in collaboration with the Government of Rajasthan. This initiative was undertaken to mobilize the farmer community in terms of awareness generation; distribution of High-Yield-Varieties (HYVs) of Seeds and Organic Culture (Micro-nutrients); vaccination and cattle treatment facilities; providing Agriculture related technical knowledge; information regarding Agriculture related schemes; subsidies as well as motivating farmers for adoption of animal husbandry; horticulture and allied activities for additional income generation.

Our program was a successful model of convergence of various agriculture programs. Agriculture related information and services were made available at one place during the camps held at Panchayat level, with the concerned Government officials present in the camp to help the farmers. Our programme was a huge success in terms of its coverage and services delivered to farmers.

1,020 farmers were provided high yielding seeds of Maize, mustard and vegetable seeds. 120 progressive farmers were helped in procuring the micro irrigation system and other agricultural tools on subsidized rate. 4,200 farmers were covered under the farmers' training, veterinary camps, cattle vaccination and artificial insemination programs. Around 20,000 cattle were benefitted through these initiatives. 40 progressive farmers were supported for developing mini-orchard by providing fruit sapling and technical know-how.

All these initiatives have started paying dividends and are ensuring positive impact on the lives of over 5,000 farmers. Agriculture yield has increased to two folds; mortality and morbidity rate of cattle has considerably reduced; and there has been significant improvement in cattle health. Artificial insemination and feed support has led to bread improvement and milk productivity, thereby increasing the farmers' income to approximately two-folds.

Corporate Awards

Our efforts towards operational excellence & sustainable development initiatives were recognized at the national and international levels. Some of these are given below:

Quality

- IMC Ramakrishna Bajaj National Quality Award – 'Performance Excellence Trophy' (RBNQA – 2009) – Chanderiya Smelting Complex.

HSE

- CII-ITC Sustainability Award (Commendation for Strong Commitment towards sustainability) – Hindustan Zinc Ltd.
- Golden Peacock Occupational Health & Safety Award- Debari Zinc Smelter.
- CII – National Award for Excellence in water Management – Rampura Agucha Mine.
- CII-Leadership & Excellence Award in Environment, Health & Safety – Vizag Zinc Smelter.
- Stars of the Industries Awards in Green Manufacturers category – Debari Zinc Smelter.
- Safety Innovation award by Institution of Engineering – Debari Zinc Smelter.
- International Safety Award from the British Safety Council - Debari Zinc Smelter.
- RoSPA gold award 2009 from Royal Society for Prevention of Accidents, UK, Debari Zinc Smelter.
- Golden Peacock Environment Management Award 2009 from World Environment Foundation (WEF), in association with Institute of Directors – Rampura Agucha Mine.

CSR

- State Population Stabilization Certificate to Chanderiya by Govt. of Rajasthan.
- State Bhamashah Award 2009 to Rampura Agucha by Govt. of Rajasthan.

HR

- Amongst the top 25 Companies declared as Hewitt Best Employers in Asia in 2009.
- Ranked # 2 in the top 25 Companies declared as Hewitt Best Employers in India in 2009.

Board of Directors

Mr Agnivesh Agarwal
Chairman
Mr Agnivesh Agarwal is Chairman and was appointed on the Board with effect from 15 November 2005. Mr Agarwal is an eminent industrialist with a strong knowledge of business operations, has an 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 and Sterlite Infrastructure Pvt. Ltd. Mr Agarwal has completed his graduation in commerce from Sydhenam College, Mumbai.

Mr Akhilesh Joshi
Chief Operating Officer
Mr Akhilesh Joshi is Chief Operating Officer and Whole-time Director and was appointed on the Board w.e.f. 21 October 2008. He joined the company in 1976. Prior to becoming COO of Hindustan Zinc, he was senior vice president (Mines), responsible for the overall operations at all mining units. Mr Joshi has a mining engineering degree from MBM Engineering College, Jodhpur and 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 National Mineral Award (GOI) in 2006 for his outstanding contribution in the field of mining technology.

Ms Ajita Bajpai Pande
Director
Ms Ajita Bajpai Pande is Director and was appointed on the Board with effect from 24 October 2005. Ms. Pande is an IAS (Indian Administrative Service) Officer and is presently holding the post of Joint Secretary, Ministry of Mines, New Delhi. She is also the Director of Hindustan Copper Ltd, Hindustan Diamond Co. Ltd. and BALCO.

Mr Sanjiv Kumar Mittal
Director
Mr Sanjiv Kumar Mittal is Director and was appointed on the Board with effect from 28 March 2007. Mr Mittal is an IAS (Indian Administrative Service) officer and presently holding the post of Joint secretary and Financial Advisor, Government of India, Ministry of Mines, New Delhi. He is also the Director of BALCO, Hindustan Copper Ltd and Coal India Ltd.

Mr Bhupal Nanda
Director

Mr Bhupal Nanda is Director and was appointed on the Board with effect from 19 October 2009. Mr Nanda is an IAS (Indian Administrative Service) Officer and is presently holding the post of Director in Ministry of Mines, New Delhi.

Mr Navin Agarwal
Director

Mr Navin Agarwal is Deputy Executive Chairman of Vedanta Resources Plc and was appointed to our Board of Directors on 11 April 2002. He is also the Chairman of Konkola Copper Mines and the Madras Aluminium Co Ltd, Executive Vice Chairman of Sterlite Industries (India) Ltd and Director of Vedanta Aluminium Limited, Sterlite Iron and Steel Company Limited, Sterlite Infrastructure Private Limited, Sterlite Infrastructure Holdings Private Limited, Vedanta Resources Holdings Limited, Vedanta Resources Investment Limited and Bharat Aluminium Company limited.

Mr Agarwal has over 20 years of experience in strategic and operational management. He has been the driver behind our growth. He holds a Bachelor of Commerce degree from Sydenham College, Mumbai, and has also completed the Owner/ President Management Program at Harvard University.

Mr Mahendra Singh Mehta
Director

Mr Mahendra Singh Mehta is presently Whole Time Director and was appointed on the Board with effect from 15 November 2005. Mr Mehta joined the Sterlite Industries (India) Limited in 2000, he was the Commercial Director (Base Metals) responsible for the marketing of copper, aluminum, zinc and lead, procurement of copper concentrate, export and tolling of zinc concentrate and coal procurement. Before joining the Group, Mr Mehta was with Lloyds Steel Industries Ltd, where he handled wide ranging portfolios; marketing, procurement, working capital finance and projects.

Mr Mehta is presently CEO of Vedanta Resources Plc, the ultimate foreign holding company. He is also on the Board of Talwandi Saboo Power Limited, Vedanta Resources Holdings Ltd. and Vedanta Resources Investment Ltd.

Mr Mehta has a Mechanical Engineering degree from MBM Engineering College, Jodhpur and a PGDBM from the Indian Institute of Management, Ahmedabad.

Mr AR Narayanaswamy
Director

Mr AR Narayanaswamy is the Director and was appointed on the Board w.e.f. 30 March, 2009. He is a member of The Institute of Chartered Accountants of India and has vast experience in the industry. He is also on the Board of Madras Aluminium Company Limited and Sterlite Technology Limited, IBIS Softec Solutions (P) Ltd, IBIS Logistics (P) Ltd and IBIS Systems & Solutions (P) Ltd.

Corporate Information

Board of Directors

Shri Agnivesh Agarwal	– Chairman
Smt Ajita Bajpai Pande	– Director
Shri SK Mittal	– Director
Shri Bhupal Nanda	– Director
Shri Navin Agarwal	– Director
Shri MS Mehta	– Whole-time Director
Shri AR Narayanaswamy	– Director
Shri Akhilesh Joshi	– COO & Whole-time Director

Chief Financial Officer
Shri SL Bajaj

Company Secretary
Shri 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

State Bank of India

Kotak Mahindra Bank

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

Directors' Report

Dear Members,

The Directors have pleasure in presenting the 44th Annual Report together with the statement of Audited Accounts for the financial year ended 31 March 2010.

Financial Results and Dividend

(Rs Crore)	FY 2010	FY 2009
Total Revenue	8,739.17	6,611.50
Profit before depreciation, interest, tax and amortization	5,392.28	3,665.39
Less: Interest	43.92	21.88
Gross Profit	5,348.36	3,643.51
Less: Depreciation and amortization	334.25	285.27
Taxation	972.70	630.63
Net Profit for the year	4,041.41	2,727.61
Add: Balance brought forward from the previous year	6,649.28	4,619.41
Amount available for appropriation	10,690.69	7,347.02
Appropriation:		
General Reserve	500	500
(a) Proposed final dividend on equity shares (including corporate tax thereon)	295.63	197.74
Balance carried forward to next year	9,895.06	6,649.28

Dividend

The Board of your Company has recommended dividend of 60% i.e. Rs 6 per equity share of face value of Rs 10 each. The total outgo on account of dividend including tax on dividend will be Rs 296 Crore during FY 2010 as compared to Rs 198 Crore in FY 2009. The record date for the payment of final dividend will be 23 July 2010.

Performance Review

During FY 2010, the Company recorded its highest ever mined and refined metal production of 768,620 tonnes and 650,038 tonnes respectively of Zinc & Lead, up 4.5% and 5.3% respectively, compared to FY 2009. The Company also recorded its ever highest Silver production at 176,381 kilograms, an increase of 33.9%, compared to the previous year. The year also witnessed successful commissioning of the 210 ktpa zinc smelter at Dariba and 1 mtpa concentrator at Rampura Agucha, around a quarter ahead of schedule.

Exploration

Ongoing exploration activities have yielded significant success with an increase of 33.7 million tonnes to the reserves and resources, prior to a depletion of 7.1 million tonnes in FY 2010. Contained zinc-lead metal has increased by 3.4 million tonnes, prior to a depletion of 0.8 million tonnes during the same period. Total reserves and resources at 31 March 2010 were 298.6 million tonnes containing 34.1 million tonnes of zinc-lead metal. The reserves and resources position has been independently reviewed and certified as per the JORC standard.

Renewal of Mining lease

The renewal of the mining lease for Zawar group of mines was applied on 25 November 2008. As part of the mining lease was falling on the forest land, approval from the Forest department for diversion of the land is pending. Company has represented the matter in the Supreme Court. On receipt of the Forest Advisory Committee (FAC) approval, mining lease will be renewed.

Sales

Company sold 386,000 tonnes of zinc metal in the domestic market, while export accounted for 192,000 tonnes. Sale of Lead metal in the domestic market was 51,000 tonnes, while the export sale accounted for 13,500 tonnes. Company also sold 223,500 Dry Metric Tonnes (DMT) of surplus zinc concentrate and 30,900 DMT of surplus lead concentrate in FY 2010.

Financial Performance

Profit during the year was Rs 4,041.41 Crore, higher by 48% compared to the previous year. This was primarily on account of higher volumes, increased LME prices and improved operational efficiencies.

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

Directors' Report continued

Long Term Wage Settlement
The long term wage settlement expired on 30 June 2007. The new wage settlement was signed with Hindustan Zinc Workers' Federation on 13 November 2009 for a period of five years effective 1 July 2007. The salient features of the same are:

– 100% neutralization of Dearness Allowance (DA)
– 26% increase on Cost To Company (CTC).

Projects
During the year, the Company successfully commissioned its 210 ktpa Hydro Zinc smelter at Dariba and 1 mtpa concentrator at Rampura Agucha, around three months ahead of schedule. Consequently, the total zinc-lead metal production capacity has increased to 964 ktpa. The work at the 100 ktpa lead smelter and the 160 MW CPP at Dariba, is progressing well for scheduled completion in Q2 FY2011. The Sindesar Khurd mine project is also on schedule for progressive expansion to 1.50 mtpa. Post completion of the 100 ktpa lead smelter, the Company will become the largest integrated Zinc-Lead producer in the world, having metal production capacity of 1,064 ktpa. We will also progressively increase our Silver production from the current levels of 180 tonnes per annum to a level of approximately 500 tonnes per annum.

Contribution to the Exchequer
Your Company has contributed Rs 1,889 Crore in terms of taxes and duties to the exchequer.

Directors
Mr Bhupal Nanda, Director Ministry of Mines was nominated as Director on the Board in place of Mr G Srinivas, w.e.f. 19 October 2009 by the Government of India.

Mr Agnivesh Agarwal and Ms Ajita Bajpai Pande 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 initiative 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.

Group
The Agarwal Group being a group defined under the Monopolies and Restrictive Trade Practices Act, 1969, controls the Company.

A list of its group entities is given below:

Sr. No	Name of Group Companies
1.	Volcan Investments Limited, Bahamas
2.	Vedanta Resources Plc, United Kingdom
3.	Vedanta Finance Jersey Limited, Jersey
4.	Vedanta Resources Holdings Limited, United Kingdom
5.	Twinstar Holdings Limited, Mauritius
6.	Welter Trading Limited, Cyprus
7.	Vedanta Resources Finance Limited, United Kingdom
8.	Vedanta Resources Cyprus Limited, Cyprus
9.	Richter Holding Limited, Cyprus
10.	Westglobe Limited, Mauritius
11.	Finsider International Company Limited, United Kingdom
12.	Sesa Goa Limited, India
13.	Sesa Industries Limited, India
14.	Konkola Copper Mines Plc, Zambia
15.	Vedanta Aluminium Limited, India
16.	The Madras Aluminium Company Limited
17.	Sterlite Infra Limited, India
18.	Sterlite Opportunities and Ventures Limited, India
19.	Talwandi Saboo Power Limited, India
20.	Hindustan Zinc Limited, India
21.	Bharat Aluminium Company Limited, India
22.	THL KCM Limited, Mauritius
23.	KCM Holdings Limited, Mauritius
24.	Vedanta Resources Investments Limited, United Kingdom
25.	THL Aluminium Limited, Mauritius
26.	Monte Cello BV, Netherlands
27.	Sterlite Energy Limited, India
28.	Copper Mines of Tasmania Pty Ltd, Australia
29.	Sterlite (USA) Inc., USA
30.	Fujairah Gold FZE, UAE
31.	Thalanga Copper Mines Pty Ltd., Australia
32.	Monte Cello NV, Netherlands Antilles
33.	Anil Agarwal Discretionary Trust, Bahamas
34.	Onclave PTC Limited, Bahamas
35.	Lakomasko BV, Netherlands
36.	Vedanta Jersey Investments Limited, Jersey
37.	Vedanta Resources Jersey Limited, Jersey
38.	Vedanta Resources Jersey 2 Limited, Jersey
39.	V S Dempo & Co. Private Limited, India
40.	Dempo Mining Corporation Private Limited, India
41.	Goa Maritime Private Limited, India
42.	Vizag General Cargo Berth Private Limited, India
43.	Allied Port Services Private Limited, India
44.	MALCO Industries Limited, India
45.	MALCO Power Company Limited, India
46.	Mr Anil Agarwal

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 Accounts, 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 31 March 2010 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 Accounts, 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 accounts for the year ended 31 March 2010. Their term of appointment expires at the conclusion of the forthcoming Annual General Meeting (AGM), and being eligible, they offer themselves for reappointment. Your Directors propose their reappointment.

Auditors' Qualification on Accounts

Notes to the accounts, 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, employee 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, Jharkhand and Uttaranchal; bankers, auditors, vendors, customers and the shareholders of the Company for their continued support.

For and on behalf of the Board of Directors

M.S. Mehta
Whole-time Director

Akhilesh Joshi
COO & Whole-time Director

Place: Mumbai
Date: May 4, 2010

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 31 March 2010.

A) Conservation of Energy

1. Installation of Variable Frequency Drives (VFDs) in cooling tower fans.
2. Installation of Energy Savers in Lighting Load at Hydro I & Hydro II in CSC.
3. Interlocking of Bag Filter fan with Furnace tapping to optimize running hours and power drawl as per requirement.
4. Installation of VFDs in Coal Feeders in CPP and in blend yard Hoppers.
5. Replacement of fills in cooling towers in CPP, resulting in increased vacuum, thereby reducing specific coal consumption at CPP CSC.
6. Modification of cooling tower blades and changing to FRP MOC and change in blade angles resulted into increased Cooling towers' efficiency with low power consumption.
7. Steam generation by utilizing waste heat of low calorific value (LCV) gases in Pyro plant.
8. Optimization of delivery pressure of compressors has reduced power consumption of compressors.
9. Reduction in the pumping energy by modifying the piping network of Calcine Cooling Circuit.
10. Temperature control of alternator of 8 MW Steam Turbine Generator (STG) resulted in increased efficiency.
11. Optimization of power consumption of compressors by reducing consumption of air in flotation cells.
12. Stoppage of leakages of compressed air in underground mines.
13. Improving the power factor of Capacitor bank.
14. Installation of Variable Frequency Drives in selected pumps.
15. Use of cyclic timer in Galigar pumps to avoid idle running resulted into power saving.

B) Technology Absorption

a. Specific areas in which R & D carried out by the Company in FY 2009–10.

1. Testing of alternative reagents in beneficiation plants for reduction in cost and improvement in metal recoveries.
2. Amenability testing of RAM ore from different zones.
3. Survey campaign in stream – III of RAM.
4. Geo-metallurgical investigations of RAM ore.
5. Development of new process for qualitative & quantitative analysis of graphite depressant reagent.
6. Improvement in copper recovery at VZS.
7. Improvement in recovery of zinc from enrichment section of Hydro-II in CSC.
8. Process suggestions for high silica zinc concentrate management in hydro smelters.
9. Evaluation of goethite process as replacement of Jarosite for iron precipitation.

b. Benefits derived as result of above R & D

1. Improvements in metal recovery and product quality via using alternate reagents in beneficiation plants and adjusting process parameters in smelters.
2. Reduction in cost of production by reduced energy and reagent consumption by process modifications in beneficiation plants.
3. Recovery of by-products like cadmium, lead and silver in smelters.
4. Optimization of plant operations by improvement in existing processes at concentrators and smelters.
5. Effective utilization of waste products like Jarosite, Imperial Smelting Furnace (ISF) Slag at smelters.

c. Future projects for R & D for FY 2010–11

1. Production of bulk concentrates at RAM.
2. Plant trials for reagents to improve metal recovery and concentrate quality.
3. Pilot plant trials for Jameson cells to reduce graphite content in bulk concentrate.
4. Testing of latest technology like Pulp Potential for Silver recovery improvement.
5. Silver recovery improvement with JK Tech across all mines.
6. Optimizing tests for reduction of Silica content in Zinc concentrate maximizing Zinc recovery.
7. Evaluation of alternate iron precipitation technologies.
8. Study of gas-liquid interaction in lead splash condenser of ISF to improve performance and reduce accretion formation.
9. Utilization of high graphite concentrate in Dariba lead smelter.
10. Utilization of waste products/by-products like Jarosite and copper dross.
11. Evaluation of new chemicals in Jarosite precipitation.
12. Evaluation of cell house reagents.

C) Foreign Exchange Earnings and Outgo

During the year, foreign exchange outgo was Rs 1,073 Crore (which includes import of capital goods, stores and spares, Consultancy and travelling); while the foreign exchange earned was Rs 2,790 Crore. The details have been given under item nos. 22 to 24 of Schedule 18 annexed to the accounts.

FORM 'A'
Form for disclosure of particulars with respect to Conservation of Energy

Particulars		Unit	Year ended 31/3/2010	Year ended 31/3/2009
A	**Electricity, Power Generation & Fuel consumption**			
	Purchase Units	Million Kwh	379	558
	Total Amount	Rs Cr	134.04	206.64
	Average rate of purchasing	Rs/kwh	3.53	3.70
	CPP – Units generated from fuel oil			
	Own Generation Units (From Fuel Oil)	Million Kwh	67	82
	Quantity Consumed			
	LSHS/FO	MT	13275	16656
	HSD	KL	2772	2577
	Total Amount	Rs Cr	29.87	40.10
	Average cost of fuel per Kg	Rs/kg	19.21	21.37
	Average cost of generation	Rs/kwh	4.47	4.88
	Unit generated per unit of fuel (LSHS/FO/HSD)	kwh/kg	4.30	4.38
	CPP – Units generated from Coal			
	Own Generation Units (From Coal)	Million Kwh	2406.27	1904.04
	Quantity Consumed			
	Coal	MT	1190529	958481
	LDO	KL	1703	1510
	Total Amount	Rs Cr	533.18	533.49
	Average cost per Kg (Coal)	Rs/kg	4.47	5.51
	Average cost per Kg (LDO)	Rs/kg	32.01	33.60
	Average cost of generation	Rs/kwh	2.40	2.91
	Unit generated per unit of fuel (Coal)	kwh/kg	2.26	2.13
B)	**Fuel consumption for Metal Production**			
	(a) L.P.G./Propane			
	Quantity	Million Kg	8.36	8.18
	Total Amount	Rs Cr	28.66	32.26
	Average cost per Kg	Rs/Kg	34.27	39.46
	(b) L.D.O./LSHS/FO			
	Quantity	KL	19036	18969
	Total Amount	Rs Cr	44.65	50.47
	Average cost per Ltr	Rs/Ltr	23.45	26.61
	(c) Met Coke & Coke breez			
	Quantity	MT	116397	105349
	Total Amount	Rs Cr	172.19	190.95
	Average cost per MT	Rs/MT	14793.34	18125.14

Certificate of Compliance with the Code of Conduct Policy

As provided under clause 49 of the listing agreement with the Bombay Stock Exchange Limited 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 31 March 2010.

for Hindustan Zinc Limited

Akhilesh Joshi
COO & Whole-time Director

Place: Mumbai
Date : May 4, 2010

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 there under.

It is the responsibility of the Company to prepare and maintain the relevant necessary records under the aforesaid Acts, Rules and Regulations framed there under. 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 31 March, 2010 the Company has complied with the provisions of Companies Act, 1956 and Rules, Regulations framed there under, 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 31 July 2009 to 6 August, 2009 (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 31 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 21, 2010

Corporate Governance Report

Corporate Governance is the application of best management practices, compliances of law and adherence to ethical standards to achieve the Company's objective of enhancing the shareholders value and discharge the social responsibilities. It is a systematic process by which the companies are directed and controlled to enhance their wealth generating capacity. The Governance process should ensure that these resources are utilized in a manner that meets stakeholder's aspirations and societal expectations.

Hindustan Zinc remained 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 in laying down strategic goals, major expansion projects and capital expenditure and business plans approvals to ensure that Company is progressing to fulfill shareholder aspirations;

(ii) **Operation Management and Control:** Business Management Group comprising of functional heads and unit/plant heads steered by COO and CFO, handles the management and coordination with a regular reviews and meetings with the objective to seek continuous improvement in the Company's working and to harness the potential.

(iii) **Plant/Unit Executive Management:** comprising of several strategic business units (SBUs) for an overall execution and empowered through decentralized 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. Hindustan Zinc has adopted best practices mandated in the Clause 49 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 HZL's compliance with the Clause 49.

Board of Directors

The Board of Directors of the Company are 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 and approves management strategic plan and business objectives and monitors the Company's strategic direction. The Board sets strategic goals and seeks accountability for their fulfillment. 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 31 March 2010 Hindustan Zinc's Board comprised of eight Directors, three of whom are nominee directors from Government of India. According to the Shareholders' Agreement with the Government of India, which can nominate upto five Directors where as the strategic promoters, Sterlite Opportunities and Ventures Limited can nominate six Directors to the Board of the Company. The Chairman and Whole Time Directors, are nominees of Sterlite Opportunities and Ventures Limited. All others are non-executive Directors.

The composition of the Board is in conformity with the Clause 49, which stipulates that at least 50% 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. HZL is also compliant with SEBI circular dated 8 April 2008, which stipulates that at least 50% 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 of the listing agreement.

No Director is a member of more than 10 committees or acts as Chairman of more than five committees across all Companies in which they are Directors. Note that directorships in foreign companies and private limited companies, do not count towards this limit.

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 is 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 four times during the year on 22 April 2009, 22 July 2009, 22 October 2009, and 22 January 2010. The maximum gap between any two meetings was less than four months. The agenda for each meeting is prepared well in advance along with explanatory notes wherever required and distributed to all Directors.

Corporate Governance Report continued

Directors' Attendance Record and Directorships Held

As mandated by the Clause 49, none of the Directors are members of more than 10 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 2009–10 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 Memberships#	No. of Chairmanships of Committees#
Mr Agnivesh Agarwal, Chairman	Nephew of Mr Navin Agarwal	Non-Executive	4	2	No	2	–	–
Ms Ajita Bajpai Pande$	None	Independent	4	3	No	3	–	–
Mr Sanjiv Kumar Mittal$	None	Independent	4	3	No	3	–	1
Mr Bhupal Nanda**$	None	Independent	2	2	No	–	–	–
Mr Navin Agarwal	Uncle of Mr Agnivesh Agarwal	Non-Executive	4	4	No	9@	2	–
Mr MS Mehta	None	Executive	4	4	Yes	4@	–	–
Mr Akhilesh Joshi	None	Executive	4	4	Yes	1	–	–
Mr AR Narayanaswamy	None	Independent	4	4	Yes	2	1	3
Mr G Srinivas$*	None	Independent	2	1	No	2	–	–

Notes:
* Ceased to be Director w.e.f 19.10.2009
** Appointed as Director w.e.f. 19.10.2009
$ Nominees of Government of India
\# Only Audit Committee and Shareholder Grievance Committee
@ Include foreign companies. Mr Navin Agarwal – 4, Mr MS Mehta – 3

Information Supplied to the Board

The Board has complete access to all information of the Company. The following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting. Annual operating plans and budgets and any update thereof:

- 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 effluent or pollution 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 on going 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 the sitting fee, which is approved by the Board. As approved by the Board, the remuneration of Mr MS Mehta, Whole-time Director is reimbursed by the Company to Sterlite Industries (India) Limited. The remuneration paid to Mr Akhilesh Joshi is as per the approval granted by the board and approved in the 43 annual general meeting. The details of managerial remuneration are given in note 21 of schedule 18 of the annual report.

As approved in the 43 AGM, Mr AR Narayanswamy independent director is entitled to commission of Rs 4 lacs for the year 2009–10, which 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 2009–10 (Rs)

Name of Director	Category	Sitting fees$	Commission
Mr Agnivesh Agarwal, Chairman	Non-Executive	40,000	–
Mr MS Mehta	Executive	–	–
Ms Ajita Bajpai Pande	Independent	–	–
Mr Sanjiv Kumar Mittal	Independent	–	–
Mr Navin Agarwal	Non-Executive	80,000	–
Mr G Srinivas	Independent	–	–
Mr AR Narayanaswamy	Independent	1,40,000	4,00,000
Mr Akhilesh Joshi	Executive	–	–
Mr Bhupal Nanda	Independent	–	–

$ Includes sitting fees for Board Meetings at (Rs20,000 per meeting) and committee meetings (Rs10,000 per meeting)

Table 2 B: Remuneration reimbursed/paid to Executive Directors for 2009–10 (Rs)

Name of Director	Category	Salary and perquisites	Contribution to P.F., Pension and Gratuity	Stock option of holding company	Total
Mr MS Mehta	Whole-time Director	16,196,040	1,159,920	5,796,661	23,152,621
Mr Akhilesh Joshi	COO and Whole-time Director	9,544,159	211,329	3,547,689	13,303,177

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 2009–10, the Company did not advance any loans to any of its Directors.

Code of Conduct

Hindustan Zinc'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 Operating Officer & Whole Time Director (COO & 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 periodical intervals, which in turn, informs the Board about the risk assessment and minimization 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 head periodically reviews the identified risks, and updates the control measures. At the corporate level major risks are reviewed by the COO and CFO 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:

Corporate Governance Report continued

a) Audit Committee
As on 31 March 2010, 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 22 April 2009, 22 July 2009, 22 October 2009, and 22 January 2010. The details of the Audit Committee are given in Table 3.

Table 3: Attendance record of Hindustan Zinc's Audit Committee Meetings

Name of the Member	Position	Status	No. of meetings held	No. of meetings attended	Sitting fees (Rs)
Mr A.R. Narayanaswamy	Chairman	Independent	4	4	40,000
Mr Sanjiv Kumar Mittal	Member	Independent	4	3	–
Ms Ajita Bajpai Pande	Member	Independent	4	3	–
Mr MS Mehta*	Member	Executive	3	3	–

* Appointed as member of the committee w.e.f. 22 April 2009

The Chief Operating Officer, Whole-time Directors, Chief Financial Officer, the head of internal audit and the representative of the statutory auditors (M/s Deloitte Haskins & Sells), internal auditors (M/s. KPMG) are invitees to the Audit Committee meetings. The Company secretary, Mr R. Pandwal is the secretary to the Committee.

All the members of the Audit Committee possess financial and management expertise and accounting knowledge. The quorum for the meeting of the committee is two members. The Chairman of the Audit Committee Mr AR Narayanaswamy attended the 43 Annual General Meeting (AGM) held on 7 August 2009.

The functions of the Audit Committee of the Company include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending to the Board, the appointment, reappointment 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 there of.
- 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
- 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 twice in the year under review on 22 October 2009 and 22 January 2010.

Mrs. Ajita Bajpai Pande 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 the 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 Hindustan Zinc's Shareholders'/Investors' Grievance Committee Meetings

Name of the Member	Position	Status	No. of meetings held	No. of meetings attended	Sitting fees (Rs)
Ms Ajita Bajpai Pande	Chairman	Independent	2	2	–
Mr MS Mehta	Member	Executive	2	2	–
Mr AR Narayanaswamy*	Member	Independent	2	2	20,000

* Appointed as member of the committee w.e.f. 22 April 2009

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

Details of queries and grievances received and attended by the Company during the year 2009–10 is given in Table 5.

Table 5: Nature of Complaints Received and Attended to During 2009–10

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.	6
2.	Number of complaints resolved	6
3.	Number of complaints not resolved to the satisfaction of the investors as at 31 March 2010.	NIL
4.	Complaints Pending as at 31 March 2010	NIL
5.	Number of Share Transfers pending for approval as at 31 March 2010.	NIL

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

Corporate Governance Report continued

Management

Management Discussion and Analysis

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

Disclosures

Details of materially significant related party transactions i.e. transactions of the Company of a material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. are present under in Note in Schedule No.18 to Annual Accounts of the Annual Report.

Related Party Transactions

There have been no materially significant related party transactions with the Company's promoters, directors, management or their relative which 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, Subsidiary or Management made in the Balance Sheet in Schedule No.18 'Notes to Accounts' at Note No.14(b) in compliance of Clause 32 of the Listing Agreement and Accounting Standard 18.

Disclosure of Accounting Treatment in Preparation of Financial Statements

Hindustan Zinc has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Details of Non-Compliance by the Company

Hindustan Zinc has complied with all the requirements of regulatory authorities. 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.

Code for Prevention of Insider Trading Practices

In compliance with the SEBI 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 Company, and cautioning them of the consequences of violations.

COO/CFO Certification

The COO and CFO certification of the financial statements for the year is enclosed at the end of the report.

Directors

As per the 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 reappointment. Mr Agnivesh Agarwal and Ms Ajita Bajpai Pande would retire this year and, being eligible, have offered themselves for reappointment. A brief profile of all of them follows.

1. Mr Agnivesh Agarwal

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

2. Ms Ajita Bajpai Pande

Ms Ajita Bajpai Pande is Director and was appointed on the Board with effect from 24 October 2005. Ms Pande is an IAS (Indian Administrative Service) Officer and is presently holding the post of Joint Secretary, Ministry of Mines, New Delhi. She is also the Director of Hindustan Copper Ltd, Hindustan Diamond Co. Ltd. and BALCO.

Means of Communication with Shareholders

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 Accounts, Directors Report, Auditors Report and other important and statutory information are circulated to all members and to others entitled. The Management Discussion and Analysis Report along with COO and CFO certificate forms part of the Annual Report.

Table 6: Details of the Announcement of the Financial Results for 2009–10

Description	Date
Unaudited Financial Results for the quarter ended on 30 June, 2009	22 July 2009
Unaudited Financial Results for the quarter/half year ended on 30 September, 2009	22 October 2009
Unaudited Financial Results for the quarter/nine months ended on 31 December, 2009	22 January 2010
Audited Financial Results for the quarter/year ended on 31 March 2010	21 April, 2010

Further, the Company has also been complying with SEBI regulations for filing of its financial results under the EDIFAR system. These are available on the SEBI web-site www.sebiedifar.nic.in.

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/Extraordinary General Meetings

Date	AGM	Location	Time
21 September 2007	41 AGM	Yashad Bhawan, Udaipur, Rajasthan	4.00 P.M.
21 August 2008	42 AGM	Yashad Bhawan, Udaipur, Rajasthan	3.30 P.M.
7 August 2009	43 AGM	Yashad Bhawan, Udaipur, Rajasthan	3.30 P.M.

There were no special resolutions passed in the 41 and 42 AGMs One special resolution was passed in the 43 AGM.

Postal Ballot

None of the resolutions were required to be passed by postal ballot during the year.

Compliance

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the revised Clause 49 of the Listing Agreements entered into with the Stock Exchanges as well as regulations and guidelines 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. However, it has not adopted the following non-mandatory requirements of the Code which the Board may consider, adopting in due course of time:

i. Maintenance of the Chairman's office and tenure of Independent Directors.

ii. Setting up of Remuneration Committee.

iii. Communication of half yearly results to each household of Members – The Company publishes its results in leading newspapers and also posts the same on the Company's website.

iv. Training of Directors – All the Directors have expertise in their areas of specialisation.

v. Mechanism for evaluating Non-Executive Directors.

Adoption of Non-mandatory Requirements

a) Tenure of Independent Directors

No specific tenure has been specified for the Independent Directors

b) Remuneration Committee

The sitting fee paid to the Non-Executive Directors, commission to Independent Director, and remuneration paid to the whole-time Director is approved by the Board itself and hence no separate remuneration committee had been formed.

Corporate Governance Report continued

c) Half-yearly Declaration

A half-yearly declaration of financial performance including summary of the significant events in last six-months is currently not being sent to each household of shareholders. However, the Company publishes its results in national and state level newspapers having wide circulation. The results are also posted on the website of the Company i.e. www.hzlindia.com

d) Audit Qualifications

Management response on audit qualification, if any, is covered in Directors' Report.

e) Mechanism for Evaluation of Non-Executive Directors

The Company does not have a mechanism to review performance of Non-Executive Directors.

f) Whistle Blower Policy

The Company has formalized a whistle blower policy and its working is reviewed by the Audit Committee regularly. The Directors and senior management are obligated to ensure that the whistle blower is not subjected to any discriminatory practices. The Company has established a mechanism for employees to report. The designated email id for reporting is hzlwhistle.blower@vedanta.co.in. The access to this email-id is provided to the Head, Management Assurance at Mumbai.

g) Secretarial Audit

Even though there is no mandatory requirement for Corporate Secretarial Audit, the Company carries out a Quarterly Secretarial Audit with regard to share transfers and other compliances and presents it to the Board.

h) Secretarial Standards

The Institute of Company Secretaries of India had brought out Secretarial Standard called SS 1 to SS 10. The Company is compliant with these standards even as it is recommendatory in nature.

Corporate Governance

Additional Shareholder Information

Annual General Meeting
Date: July 30, 2010
Time: 3.30 pm
Venue: Yashad Bhawan, Udaipur

Financial Calendar
Financial year: 1 April to 31 March
For the year ended 31 March 2010, results were announced on:

- 22 July 2009 : First quarter
- 22 October 2009 : Half yearly
- 22 January 2010 : Third quarter
- 21 April 2010 : Fourth quarter and annual

For the year ending 31 March 2011, results will be announced by:

- End July 2010 : First quarter
- End October 2010 : Half yearly
- End January 2011 : Third quarter
- End April 2011 : Fourth quarter and annual

Book Closure
The dates of book closure are from 24 July 2010 to 30 July 2010 both days inclusive.

Dividend
Dividend of Rs 6/- per equity share will be paid on or after 5 August 2010, subject to approval by the shareholders at the Annual General Meeting.

Listing
At present, the equity shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai (BSE), and The National Stock Exchange (NSE). The annual listing fees for the financial year 2009–10 to NSE and BSE has been paid.

Table 1: Hindustan Zinc's Stock Exchange Codes

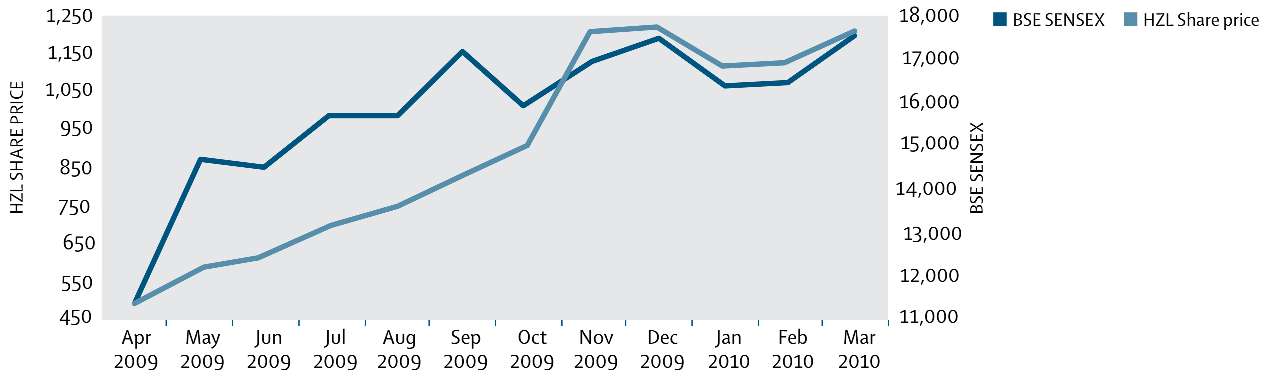
Name of the Stock Exchange	Stock Code	ISIN Code
The National Stock Exchange, Mumbai	HINDZINC	INE 267A01017
Bombay Stock Exchange Limited, Mumbai	500188	

Stock Market Data
Table 2: High, Lows and Volumes of Company's Shares for 2009–10 at BSE and NSE

	BSE			NSE		
	High	Low	Volume (no. of shares)	High	Low	Volume (no. of shares)
April 2009	519.00	448.05	637,185	518.40	436.20	1,775,319
May 2009	635.95	493.00	1,166,962	694.90	490.00	2,672,664
June 2009	695.70	563.00	1,548,174	697.85	520.10	3,626,069
July 2009	709.95	533.00	1,813,026	714.95	535.00	4,076,388
August 2009	770.20	688.60	978,497	772.00	643.80	2,586,273
September 2009	858.00	719.05	1,085,138	858.00	720.05	3,425,400
October 2009	952.30	790.10	1,406,281	953.00	790.10	3,773,985
November 2009	1,213.00	845.00	1,871,737	1,216.95	845.15	5,148,101
December 2009	1,249.75	1,107.00	1,911,120	1,270.00	1,104.00	5,424,972
January 2010	1,324.80	1,069.10	1,115,682	1,327.00	1,068.45	4,788,162
February 2010	1,153.00	991.00	883,998	1,153.45	991.00	3,062,753
March 2010	1,280.00	1,111.00	649,499	1,278.10	1,130.00	3,006,936

Additional Shareholder Information continued

Chart: Hindustan Zinc's Share Performance versus BSE Sensex



Distribution of Shareholding

Table 3 and 4 lists the distribution of the shareholding of the equity shares of the Company by size and by ownership class as on 31 March 2010.

Table 3: Shareholding Pattern by Size on 31 March 2010

No. of equity shares	No. of shareholders	% of shareholders	No. of shares held	% of share-holding
Up to 500	33,167	94.36	2,269,387	0.54
501–1,000	970	2.76	785,907	0.18
1,001–2,000	512	1.46	785,156	0.18
2,001–3,000	132	0.38	337,798	0.08
3,001–4,000	70	0.20	246,572	0.06
4,001–5,000	46	0.13	209,374	0.05
5,001–10,000	91	0.26	647,348	0.15
10,001–20,000	41	0.12	575,250	0.13
20,001–30,000	23	0.07	579,745	0.14
30,001–40,000	16	0.04	570,313	0.14
40,001–50,000	10	0.02	444,804	0.11
50,001–100,000	31	0.09	2,244,632	0.53
100,001 and above	40	0.11	412,835,614	97.71
Total	35,149	100.00	422,531,900	100.00

Table 4: Shareholding Pattern by Ownership as on 31 March 2010

	Category	No. of shares held	% of share holding
A	Promoter's holding		
	Promoters		
	Sterlite Opportunities and Ventures Ltd.	274,315,431	64.9218
	Sub Total	274,315,431	64.9218
B	Non-Promoter Holding		
	Institutional Investor		
	a Mutual Funds and UTI	4,572,379	1.0821
	b Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	1,430,810	0.3386
	c FII's	9,452,903	2.2372
	Sub Total	15,456,092	3.6580
	Others		
	a Private Corporate Bodies	3,250,013	0.7692
	b Indian Public	4,505,506	1.0663
	c NRI's/OCB's	165,340	0.0391
	d NRI company	14,100	0.0033
	e Bank Foreign	1,000	0.0002
	f Foreign National Individual	125	0.0000
	g Any other	29,234	0.0069
	h GOI – President of India	124,795,059	29.5351
	Sub Total	132,760,377	31.4202
	Grand Total	422,531,900	100.0000

Dematerialization of Shares

The shares of the Company are compulsory traded in dematerialized form only. The Company's shares are available for trading in the depository system of both NSDL and CDSL. As on 31 March 2010, 297411950 equity shares forming 70.39% of the share capital of the Company stand dematerialized. The International Securities Identification Number (ISIN) allotted to the Company under the depository system is INE 267A01017.

The Company's share is among the most actively traded share on the Indian stock exchanges and is consistently ranked among the top frequently traded shares, both in terms of volume and value.

Outstanding GDRs/ADRs/Warrants/Options

The Company had 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

Dematerialization and electronic connectivity services have been entrusted to:

Address:

M/s. Sharepro Services
Satam Estate, 3 Floor,
Above Bank of Baroda
Cardinal Gracious Road, Chakala
Andheri (E), Mumbai – 400 099
Phone: 022-28125168
Fax: 022-28375646

Additional Shareholder Information continued

Share Transfer System
Shares lodged in physical form for transfer, are usually transferred within seven days if the documents are clear in all respects. Shares under objection are in general returned within a week's time. For transfer of shares in physical form, the Board of Directors have authorised the Company Secretary to process and approve the transfer of share and registration.

Request received for dematerialization of shares are processed and the confirmation is given by the Registrar and Transfer Agents to the depositories generally within 15 days. Bulk dematerialization requests are processed and confirmed within 30 days of receipt to NSDL and CDSL.

Bank Details
Shareholders holding shares in physical form are requested to notify/ send the following information to the Company/Registrar and Transfer Agent of the Company:

– Any change in their address/mandate/bank details etc; and
– Particulars of the bank account in which they wish their dividend to be credited, in case the same has not been furnished earlier and should include the following particulars viz. bank name, branch name, account type, account number and MICR code (nine digit)

Permanent Account Number (PAN)
The Securities and Exchange Board of India (SEBI) has mandated the submission of PAN by every participant in securities market. Members holdings shares in electronically form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar and Share Transfer Agent.

Nomination Facility
Shareholders, holding shares in physical form and desirous of submitting/changing nomination in respect of their shareholding in the Company may submit Form 2B (in duplicate) as per the provisions of Section 109A of the Companies Act, 1956 to the Company/ Registrar and Share Transfer Agent.

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)

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 (Andhra Pradesh)
Lead Smelter Tundoo	Dhanbad (Jharkhand)

Wind Power Farms:

Samana	Jamnagar District (Gujarat)
Gadag	Gadag District (Karnataka)

Address for Correspondence
Mr R. Pandwal
Company Secretary
Hindustan Zinc Limited
Yashad Bhawan,
Udaipur – 313004,
Rajasthan

Certification by Chief Operating Officer and Chief Financial Officer of the Company

We, Akhilesh Joshi, COO & Whole-time Director and S.L. Bajaj, Chief Financial Officer of Hindustan Zinc Limited, 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 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, summarize 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.

S.L. Bajaj
Chief Financial officer

Akhilesh Joshi
COO & Whole-time Director

Date: April 21, 2010
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 2010, 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 the 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: May 4, 2010

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, 2010, the profit and loss account and cash flow statement of the Company for the year ended on that date, 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. 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.

4. We draw attention to Note 17 on Schedule 18, relating to long-term investment in equity shares of a power company being classified as an intangible asset (Schedule 4) 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 Rs 3.41 crores (2009: Rs 3.08 crores), investments being lower by Rs 98.41 crores (2009: Rs 98.41 crores), fixed assets being higher by Rs 56.03 crores (2009: Rs 60.70 crores), deferred tax liability being lower by Rs 14.08 crores (2009: Rs 12.82 crores) and reserves and surplus being lower by Rs 28.30 crores (2009: Rs 24.89 crores).

5. Further to our comments in the Annexure referred to in paragraph 3 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 Profit and Loss Account 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 Profit and Loss Account 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 18 on Schedule 18

   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, 2010;

      ii. in the case of the Profit and Loss Account, 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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 21, 2010

Annexure to the Auditors' Report
(Referred to in paragraph 3 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 books of account and records maintained by the Company relating to the manufacture of Zinc, Lead and Sulphuric Acid, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

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

   i. The Company has generally 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 to Rs 21.21 crores, Rs 43.90 crores and Rs 389.02 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 & 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 21, 2010

Annexure A

Nature of Statute	Nature of dues	Amount (Rs in crore)	Forum pending at
Company's appeals			
(a) Sales tax claim	Disputes in respect of sales tax rate difference/classification and stock transfer treated as sales for the financial year 1980–81 to 2006–07	21.21	Dy Commissioner, Joint Commissioner, CTO, Tribunal and High Court
(b) Central Excise Duty	In respect of Modvat/Cenvat credit on inputs, capital goods, alleged duty demand on captive use of intermediate goods, reversal of the amount on dispute of by-products, duty on valuation and storage/handling losses, for the FY1985–86 to FY2008–09.	43.90	CESAT, Commissioner (Appeals) and High Court/Supreme Court.
(c) Income Tax			
Company's appeals:			
	Disputes in respect of appeals pending for AY 1992–93, 1993–94, 1994–95, 1996–97, AY 1997–98 & 2003–04	10.42	High Court/Supreme Court
	Disputes in respect of appeals pending for AY 1998–99 to AY2003–04 and AY 2006–07	4.62	Tribunal
	Disputes in respect ITO (TDS) – for AY 2006–07 to AY2009–10 in the matter of wheeling charges	14.04	CIT (A)
	Sub Total:	**29.08**	
Department's appeals:			
	Relief granted by CIT (A) for AY 1989–90 to AY 1991–92, AY 1996–97, AY 1998–99 to AY 2007–08 differences in computation, allowances of certain expenses and enhancement of rebate, etc	285.58	Tribunal
	Relief granted by Tribunal for AY 1990-91 to 1996–97 and 1999-00 to 2002–03 differences in computation, allowances of certain expenses and enhancement of rebate, etc	74.36	High Court/Supreme Court
	Sub Total:	**359.94**	
Total		**389.02**	

Balance Sheet
As at March 31, 2010

(Rs in crore)

	Schedule	2010	2010	2009	2009
SOURCES OF FUNDS					
Shareholders' funds					
Capital	1	422.53		422.53	
Reserves and surplus	2	17,701.44	18,123.97	13,935.05	14,357.58
Loan Funds	3				
Secured loans		–		8.30	
Unsecured loans		60.47	60.47	0.39	8.69
Deferred Tax Liability (net)			711.23		558.86
TOTAL			18,895.67		14,925.13
APPLICATION OF FUNDS					
Fixed assets	4				
Gross block		8,240.66		5,855.51	
Less: depreciation		(2,076.57)		(1,750.59)	
Net block		6,164.09		4,104.92	
Capital work in progress (includes advances)		1,112.96	7,277.05	1,108.39	5,213.31
Investments	5		10,949.17		6,928.87
Current assets, loans and advances					
Inventories	6	451.74		545.66	
Sundry debtors	7	151.83		164.94	
Cash and bank balances	8	927.53		2,719.15	
Other current assets	9	6.96		40.83	
Loans and advances	10	457.19		313.32	
		1,995.25		3,783.90	
Less: Current liabilities and provisions	11				
Current liabilities		986.26		802.82	
Provisions		339.54		198.13	
		1,325.80		1,000.95	
Net current assets			669.45		2,782.95
TOTAL			18,895.67		14,925.13
Notes	18				

Schedules 1 to 18 form integral part of accounts

In terms of our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Shyamak R Tata
Partner
Membership No: 38320

Akhilesh Joshi
COO & Whole-time Director

MS Mehta
Whole-time Director

Date: April 21, 2010
Place: Mumbai

SL Bajaj
Chief Financial Officer

R Pandwal
Company Secretary

Profit and Loss Account
For the year ended March 31, 2010

(Rs in crore)

	Schedule		2010		2009
Income					
Sales		8,437.87		6,141.47	
Less: excise		(420.90)	8,016.97	(461.20)	5,680.27
Other income	12		722.20		931.23
Total			8,739.17		6,611.50
Expenditure					
Mining and manufacturing	13		2,498.66		2,294.28
(Accretion)/decretion of stock	14		75.32		(24.38)
Employees' remuneration and benefits	15		457.36		364.89
Administrative and selling	16		315.55		311.32
Finance	17		43.92		21.88
Depreciation			334.25		285.27
Total			3,725.06		3,253.26
PROFIT BEFORE TAX			5,014.11		3,358.24
Provision for Tax – Current			831.12		550.00
– Prior year			(0.19)		(32.42)
– Deferred			141.77		109.73
– Fringe benefit			–		3.32
PROFIT AFTER TAX			4,041.41		2,727.61
Balance being surplus brought forward			6,649.28		4,619.41
PROFIT AVAILABLE FOR APPROPRIATION			10,690.69		7,347.02
APPROPRIATION					
Dividend					
Final			253.52		169.01
Corporate dividend tax			42.11		28.73
General reserve			500.00		500.00
Balance being surplus carried forward			9,895.06		6,649.28
			10,690.69		7,347.02
Basic and diluted earnings per share (in Rs)			95.65		64.55
Notes	18				

Schedules 1 to 18 form integral part of accounts

In terms of our report of even dates.

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R Tata
Partner
Membership No: 38320

Date: April 21, 2010
Place: Mumbai

For and on behalf of the Board of Director

Akhilesh Joshi
COO & Whole-time Director

MS Mehta
Whole-time Director

SL Bajaj
Chief Financial Officer

R Pandwal
Company Secretary

Cash Flow Statement
For the year ended March 31, 2010

(Rs in crore)

	2010	2010	2009	2009
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before tax	5,014.11		3,358.24	
Adjustments for:				
Depreciation and amortisation	334.52		285.75	
Interest and finance charges	43.92		21.88	
Interest and dividend earned	(453.77)		(636.16)	
Mark to Market adjustment on financial instruments	(103.72)		(98.60)	
Provision for expenses written back	(7.46)		(8.15)	
(Profit)/Loss on sale of fixed asset (net)	0.30		(1.61)	
Profit on sale of current Investment (net)	(42.76)		(54.68)	
Operating profit before working capital changes	4,785.14		2,866.67	
Changes in working capital				
Inventories	93.92		(27.56)	
Sundry debtors	13.11		278.72	
Loans and advances	(95.87)		70.77	
Current liabilities	65.57		44.73	
Cash generated from operations	4,861.87		3,233.33	
Income taxes paid during the year	(784.63)		(520.66)	
Net cash generated from operating activities		4,077.24		2,712.67
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of fixed assets	(2,249.17)		(1,379.25)	
Interest and dividend received	487.64		598.33	
Fixed deposits placed with banks	(900.01)		(2,700.00)	
Fixed deposits placed with banks-repaid	2,700.00		500.00	
Purchase of investments	(16,828.16)		(21,958.65)	
Sale of investment	12,906.34		21,515.52	
Sale of fixed assets	1.87		4.91	
Net cash used in investing activities		(3,881.49)		(3,419.14)
(C) CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from borrowings	1,441.96		8.30	
Repayment of borrowings	(1,398.63)		–	
Interest and finance charges paid	(32.97)		(21.88)	
Dividend and tax thereon paid	(197.74)		(123.58)	
Net cash used in financing activities		(187.38)		(137.16)
Net increase in cash and cash equivalents		8.37		(843.63)
Cash and cash equivalents at the end of the year		27.52		19.15
Cash and cash equivalents at the beginning of the year		19.15		862.78
		8.37		(843.63)
Cash and cash equivalent at the end of the year		27.52		19.15
Fixed deposit with banks with maturity of three months and above		900.01		2,700.00
Cash and Bank balance as per schedule 8		927.53		2,719.15

Note: Previous year's figures have been recasted/regrouped, wherever necessary.

In terms of our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R Tata
Partner
Membership No: 38320

Akhilesh Joshi
COO & Whole-time Director

MS Mehta
Whole-time Director

Date: April 21, 2010
Place: Mumbai

SL Bajaj
Chief Financial Officer

R Pandwal
Company Secretary

Schedule Annexed to and Forming Part of the Accounts
For the year ended March 31, 2010

1. Capital

(Rs in crore)

		2010		2009
Authorised				
500,000,000 (2009: 500,000,000) equity shares of Rs 10/- each		500.00		500.00
		500.00		500.00
Issued, subscribed and paid up				
422,531,900 (2009: 422,531,900) equity shares of Rs 10/- each fully paid up		422.53		422.53
		422.53		422.53

Of the above:
(a) 21,370,000 (2009: 21,370,000) equity shares of Rs 10/- each allotted for consideration other than cash.
(b) 274,315,431 (2009: 274,315,431) equity shares of Rs 10/– each are held by Sterlite Opportunities and Ventures Limited (SOVL) – holding company. SOVL is a subsidiary of Sterlite Industries (India) Limited (SIIL) and the ultimate holding company is Vedanta Resources Plc, United Kingdom (VRP). SIIL and VRP do not hold any shares in the company.

2. Reserves and Surplus

(Rs in crore)

		2010		2009
Balance provisions after adjustment as per Metal Corporation (Nationalisation and Miscellaneous Provision) Act, 1976 – balance as per last balance sheet		0.61		0.61
General reserve				
As per last balance sheet	7,305.71		6,805.71	
Add: Transferred from profit and loss account	500.00		500.00	
		7,805.71		7,305.71
Hedging Reserves				
As per last balance sheet	(20.55)		(0.07)	
Cash flow hedge transfer during the year	31.21		(31.06)	
Less: – Deferred tax provided/reversed	(10.60)		10.58	
		0.06		(20.55)
Profit and loss account – surplus		9,895.06		6,649.28
		17,701.44		13,935.05

3. Loan Funds

(Rs in crore)

		2010		2009
Secured loans				
From Banks (Working capital loan secured by a pledge of investment in mutual funds)		–		8.30
		–		**8.30**
Unsecured loans				
Buyer's credit from Bank (payable within one year)	60.08			–
From other than Banks	0.39	60.47		0.39
		60.47		**8.69**

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

4. Fixed Assets

(Rs in crore)	Gross block (at cost) As at 31.03.2009	Additions	Deduction/ Adjustment	As at 31.03.2010	Adjustment for grant	Net gross block as at 31.03.2010
Tangible asset:						
Land (including development expenditure):						
– Freehold	15.09	0.20	–	15.29	–	**15.29**
– Leasehold	46.18	–	0.51	45.67	–	**45.67**
Buildings and roads @	354.97	246.59	1.19	600.37	0.25	**600.12**
Mine Development expenditure	59.88	–	–	59.88	–	**59.88**
Railway sidings, locomotives and wagons	8.54	2.46	–	11.00	–	**11.00**
Plant and machinery	5,172.47	2,096.22	10.71	7,257.98	14.11	**7,243.87**
Other equipments	88.36	32.20	1.15	119.41	2.04	**117.37**
Furniture and fittings	14.04	1.52	0.26	15.30	–	**15.30**
Vehicles	8.83	8.83	0.65	17.01	–	**17.01**
Assets retired from active use	1.93	–	(3.76)	5.69	–	**5.69**
Intangible asset:						
– Investment in Shares	98.41	–	–	98.41	–	**98.41**
– Computer Software	3.21	7.84	–	11.05	–	**11.05**
Total	5,871.91	2,395.86	10.71	8,257.06	16.40	**8,240.66**
Previous year (total)	5,198.20	696.60	22.89	5,871.91	16.40	5,855.51

@ Buildings includes Rs 1.03 (2009: Rs 1.03) crores where bifurcation of the cost between land and building is not ascertained.

(Rs in crore)	Depreciation/amortisation Up to 31.03.2009	Provided during the year	Deductions/ Adjustment	Up to 31.03.2010	Net block As at 31.03.2010	As at 31.03.2009
Tangible asset:						
Land (including development expenditure):						
– Freehold	–	–	–	–	**15.29**	15.09
– Leasehold	–	–	–	–	**45.67**	46.18
Buildings and roads	58.74	10.80	0.35	69.19	**530.93**	295.98
Mine Development expenditure	59.88	–	–	59.88	**–**	–
Railway sidings, locomotives and wagons	6.57	0.45	–	7.02	**3.98**	1.97
Plant and machinery	1,533.76	307.00	9.56	1,831.20	**5,412.67**	3,624.60
Other equipments	37.85	7.40	1.04	44.21	**73.16**	48.47
Furniture and fittings	6.84	0.79	0.31	7.32	**7.98**	7.20
Vehicles	5.20	0.68	0.42	5.46	**11.55**	3.63
Assets retired from active use	1.84	0.05	(3.14)	5.03	**0.66**	0.09
Intangible asset:						
– Investment in shares	37.71	4.67	–	42.38	**56.03**	60.70
– Computer software	2.20	2.68	–	4.88	**6.17**	1.01
	1,750.59	334.52	8.54	2,076.57	**6,164.09**	4,104.92
Previous year (total)	1,484.64	285.54	19.59	1,750.59	**4,104.92**	3,697.16
Capital work in progress					**869.85**	797.77
Advance towards capital goods and services considered good					**243.11**	310.62
Total:					**7,277.05**	5,213.31

4. Fixed Assets continued

* Depreciation provided has been accounted for as under:

	2010	2009
Profit and loss account	334.25	285.27
Research and development expenditure	0.27	0.27
	334.52	285.54

100% depreciation has been charged on following assets:

	2010	2009
– Plant and machinery and vehicles	0.74	0.16
– Furniture and fixtures	0.16	0.13
Cumulative	8.31	7.41

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

5. Investments – Non Trade and Unquoted Unless Stated Otherwise
Long Term investments –at cost

Rs in crore In fully paid-up equity shares (trade investment)	Face value (in Rs)	Total No. of shares	Value as at 31.03.2010	Total No. of shares	Value as at 31.03.2009
Madanpur South Coal Company Limited	10	164600	2.08	151062	1.81

Current investment – at Fair Value through Profit or Loss

In mutual Funds	Face value (in Rs)	Total No. of units	Market Value as at 31.03.2010	Total No. of units	Market Value as at 31.03.2009
Birla Fixed Term Plan – Series AD	10	–	–	18000000	20.22
Birla Fixed Term Plan – Series AE	10	–	–	10000000	11.18
Birla Fixed Term Plan – Series AJ	10	–	–	10000000	11.11
Birla Fixed Term Plan – Series AN	10	–	–	100000000	110.22
Birla Fixed Term Plan – Series BD – IP	10	–	–	100000000	106.99
Birla Fixed Term Plan – Series CD – IP	10	100000000	100.03	–	–
Birla Sun Life Floating Rate Fund Long Term – IP	10	588119580	636.16	99979004	100.11
Birla Sun Life Interval Income Fund – Series 1 – IP	10	150000000	150.86	–	–
Birla Sun Life Interval Income Fund – Series 2 – IP	10	250000000	251.66	–	–
Birla Sun Life Medium Term Fund – IP	10	–	–	200000000	200.23
Birla Sun Life Savings Fund IP – Growth	10	–	–	207883968	345.79
Birla Sun Life Short Term Fund – IP – Growth	10	154844984	169.42	–	–
Birla Sun Life Short Term Opportunities Fund – Growth	10	385742372	403.52	–	–
Canara Robeco Interval Series – 2 – (Quarterly Plan – 2)	10	75000000	75.26	–	–
Canara Robeco Treasury Advantage Fund – Super IP – Growth	10	174569180	242.62	–	–
DSP BlackRock FMP 12 Months Series 3	10	–	–	40000000	42.70
DSP BlackRock FMP 13 Months Series 1	10	–	–	45000000	49.73
DSP BlackRock FMP 13 Months Series 3 IP	10	20000000	20.03	–	–
DSP BlackRock FMP 18 Months Series 1	10	–	–	15000000	17.10
DWS Fixed Term Fund – Series 41	10	–	–	15000000	16.68
DWS Fixed Term Fund – Series 67	10	50000000	50.08	–	–
DWS Ultra Short Term Fund – Super IP – Growth	10	–	–	153245716	158.01
HDFC Cash management Fund – Treasury Advantage Plan – Growth	10	144788891	292.28	337502461	648.50
HDFC Fixed Maturity Plan 370 Days August 2008 (3) IP	10	–	–	20000000	21.31
HDFC Floating Rate Income Fund – Long Term Plan	10	131372668	207.89	68108756	100.42
HDFC Floating Rate Income Fund – Short Term Plan WP – Growth	10	303621464	476.23	–	–
HDFC FMP 100D – March 2010 – 1 – IP	10	50000000	50.04	–	–
HDFC FMP 13M – March 2010 – 2 – IP	10	35000000	35.00	–	–
HDFC FMP 14M – March 2010 – IP	10	50000000	50.10	–	–
HDFC FMP 367D – March 2010 – 1 – IP	10	20000000	20.00	–	–
HDFC Quarterly Interval Fund – Plan C – IP	10	65000000	65.50	–	–
HSBC Fixed Term Series 44	10	–	–	15000000	16.51
ICICI Prudential Banking and PSU Fund – IP – Growth	10	198436992	200.55	–	–
ICICI Prudential Fixed Maturity Plan Series 41	10	–	–	10000000	11.26
ICICI Prudential Fixed Maturity Plan Series 42 Sixteen Months Plan	10	–	–	15000000	16.70
ICICI Prudential Fixed Maturity Plan Series 47 One Year Plan B IP	10	–	–	100000000	106.56
ICICI Prudential Flexible Income Plan – Growth	10	–	–	703980065	1147.28
ICICI Prudential FMP Series 51 – 13 Months – Plan C – IP	10	50000000	50.14	–	–
ICICI Prudential FMP Series 51 – 14 Months – Plan D – IP	10	40000000	40.18	–	–
ICICI Prudential FMP Series 51 – One Year Plan B – IP	10	30000000	30.01	–	–
ICICI Prudential FMP Series 52 – One Year Plan A – IP	10	20000000	20.00	–	–
ICICI Prudential Interval Fund IV – QIP B – IP	10	30000000	30.02	50000000	50.07
ICICI Prudential Medium Term Plan Premium Plus	10	151071707	151.22	–	–
ICICI Prudential Ultra Short Term Plan – Super Premium – Growth	10	759594743	784.91	–	–
IDFC Fixed Maturity Plan – 13 Month – Series 1	10	40000000	43.09	–	–
IDFC Fixed Maturity Plan – 13 Month – Series 5	10	25000000	25.02	–	–
IDFC Fixed Maturity Plan – 14 Month – Series 1	10	45000000	45.22	–	–
IDFC Fixed Maturity Plan – Half Yearly Series 9 – Plan A – IP	10	100488000	100.52	–	–
IDFC Fixed Maturity Plan – Thirteen Months Series 1 IP	10	–	–	40000000	40.05
IDFC Fixed Maturity Plan – Yearly Series 17 – Plan B	10	–	–	30000000	33.10
IDFC Fixed Maturity Plan – Yearly Series 19 – Plan B	10	–	–	35000000	38.58

5. Investments – Non Trade and Unquoted Unless Stated Otherwise continued

Current investment – at Fair Value through Profit or Loss continued

In mutual Funds	Face value (in Rs)	Total No. of units	Market Value as at 31.03.2010	Total No. of units	Market Value as at 31.03.2009
IDFC FMP Quarterly Series 55 – Plan A – IP	10	100000000	100.20	–	–
IDFC Liquid Plus Treasury Plan C IP – Growth	10	–	–	419021984	435.62
IDFC Money Manager Fund Treasury Plan C IP – Growth	10	156024446	170.35	–	–
IDFC Money Manager Investment Plan Plan B IP – Growth	10	142161304	203.74	–	–
Kotak Flexi Debt Fund – IP – Growth	10	468837771	531.05	–	–
Kotak Floater – Long Term – Growth	10	–	–	72226722	100.36
Kotak FMP 12 M Series 6	10	–	–	20000000	21.23
Kotak FMP 12 M Series 9 IP	10	–	–	30000000	31.32
Kotak FMP 13 M Series 3	10	–	–	30000000	33.16
Kotak FMP 13 M Series 5 IP	10	50000000	53.90	50000000	50.10
Kotak FMP 13 M Series 6	10	75000000	75.30	–	–
Kotak FMP 14 M Series 3	10	–	–	25000000	27.38
Kotak FMP 14 M Series 4	10	–	–	20000000	21.81
Kotak FMP 370 Days Series 1	10	50000000	51.45	–	–
Kotak FMP 370 Days Series 2	10	60000000	60.08	–	–
Kotak FMP 370 Days Series 3	10	70000000	70.06	–	–
Kotak Quarterly Interval Plan Series 1	10	140000000	140.26	–	–
Kotak Quarterly Interval Plan Series 2 IP	10	–	–	70000000	70.09
Kotak Quarterly Interval Plan Series 3	10	100407768	100.49	–	–
Kotak Quarterly Interval Plan Series 6	10	351931170	352.21	–	–
Kotak Quarterly Interval Plan Series 7	10	100410790	100.49	–	–
Kotak Quarterly Interval Plan Series 8	10	170000000	170.50	–	–
Principal PNB Fixed Maturity Plan 460 Days Series IV	10	–	–	8000000	8.83
Reliance Fixed Horizon Fund – IV Series VI	10	–	–	20000000	22.55
Reliance Fixed Horizon Fund – VII Series I	10	–	–	15000000	16.67
Reliance Fixed Horizon Fund – VII Series III	10	–	–	50000000	55.21
Reliance Fixed Horizon Fund – X Series 2	10	–	–	150000000	160.13
Reliance Fixed Horizon Fund – X Annual Plan Series 5 Super IP	10	–	–	185000000	196.19
Reliance Fixed Horizon Fund – XII Series 3 Super IP	10	100000000	107.65	100000000	100.04
Reliance Fixed Horizon Fund – XII Series 4 Super IP	10	450000000	485.84	450000000	450.18
Reliance Fixed Horizon Fund – XIII Series 3 Super IP	10	60000000	61.00	–	–
Reliance Fixed Horizon Fund – XIV Series 1 Super IP	10	100000000	101.11	–	–
Reliance Fixed Horizon Fund – XIV Series 5 Super IP	10	50000000	50.04	–	–
Reliance Medium Term Fund – Growth	10	–	–	87035854	158.14
Reliance Monthly Interval Plan Series I – Super IP	10	124962511	125.32	–	–
Reliance Quarterly Interval Fund Series III – IP	10	224928023	225.84	–	–
Religare Fixed Maturity Plan Series II – Plan A – IP	10	125000000	125.38	–	–
Religare Fixed Maturity Plan Series II – Plan B – IP	10	125000000	125.80	–	–
Religare Fixed Maturity Plan Series II – Plan C – IP	10	150000000	150.29	–	–
Religare Fixed Maturity Plan Series II – Plan F – IP	10	100000000	100.05	–	–
Religare FMP-15 Months -Series II	10	–	–	10001712	11.09
SBI SDFS 13 Months – 10 IP	10	150000000	161.00	150000000	150.00
SBI SDFS 13 Months – 9 IP	10	95000000	101.92	95000000	95.33
SBI SDFS 370 Days – Series 3 – IP	10	100000000	100.00	–	–
Tata Fixed Horizon Fund Series 18 Scheme B	10	–	–	50000000	53.36
Tata Fixed Horizon Fund Series 18 Scheme D IP	10	–	–	20000000	21.44
Tata Fixed Income Portfolio Fund Scheme B3	10	60000000	60.08	–	–
Tata Fixed Investment Plan 2 Scheme A IP	10	–	–	15000000	16.20
Tata Fixed Maturity Plan Series 26 – Scheme A	10	20000000	20.04	–	–
Tata Floater Fund – Growth	10	479768934	658.87	256550062	335.42
Templeton Fixed Horizon Fund – Series XI Plan C IP	10	–	–	20000000	21.13
UTI FIIF – QIP III – IP	10	100000000	100.59	–	–
UTI FIIF – Series II – QIP V – IP	10	201142962	201.21	–	–
UTI Fixed Income Interval Fund – Monthly Interval Plan – I	10	–	–	75000000	75.09
UTI Fixed Income Interval Fund – Monthly Interval Plan – II	10	100000000	100.32	–	–
UTI Fixed Maturity Plan – Yearly FMP Series – YFMP (11/09)	10	50000000	50.83	–	–
UTI Fixed Maturity Plan Yearly Series March 2009 IP	10	40000000	43.30	40000000	40.06
UTI Floating Rate Fund – STP – IP – Growth	1000	3292251	340.65	–	–

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

5. Investments – Non Trade and Unquoted Unless Stated Otherwise continued
Current investment – at Fair Value Through Profit or Loss continued

In mutual Funds	Face value (in Rs)	Total No. of units	Market Value as at 31.03.2010	Total No. of units	Market Value as at 31.03.2009
UTI Short Term Income Fund	10	198791349	202.27	–	–
UTI Treasury Advantage Fund – IP – Growth	1000	1212863	150.02	6188596	728.52
			10949.17		**6928.87**

Investment – Non Trade and Unquoted Unless Stated Otherwise

Following Investments purchased and sold during the year:	2009–10 Purchased Units	2009–10 Sold Units	2008–09 Purchased Units	2008–09 Sold Units
Equity Shares of Company				
Madanpur South Coal Company Limited – Joint Venture	13538	–	21061	–
Units in Mutual Fund				
Birla Sun Life Cash Plus Institutional Premium	2603575708	2603575708	2200032952	2200032952
Birla Sun Life Fixed Term Plan – Series CD	100000000	–	–	–
Birla Sun Life Fixed Term Plan – Series AA	–	–	–	20000000
Birla Sun Life Fixed Term Plan – Series AB	–	–	–	25000000
Birla Sun Life Fixed Term Plan – Series AC	–	–	–	5000000
Birla Sun Life Fixed Term Plan – Series AD	–	18000000	–	–
Birla Sun Life Fixed Term Plan – Series AE	–	10000000	–	–
Birla Sun Life Fixed Term Plan – Series AJ	–	10000000	–	–
Birla Sun Life Fixed Term Plan – Series AN	–	100000000	–	–
Birla Sun Life Fixed Term Plan – Series BD	–	100000000	100000000	–
Birla Sun Life Fixed Term Plan – Series O	–	–	–	40000000
Birla Sun Life Fixed Term Plan – Series R	–	–	–	20000000
Birla Sun Life Fixed Term Plan – Series S	–	–	–	23000000
Birla Sun Life Fixed Term Plan – Series T	–	–	–	200000000
Birla Sun Life Fixed Term Plan – Series U	–	–	–	42000000
Birla Sun Life Fixed Term Plan – Series X	–	–	–	15000000
Birla Sun Life Floating Rate Fund Long Term – IP	1014510200	526369624	99979004	–
Birla Sun Life Interval Income Fund – Monthly Plan Series I	–	–	151005750	151005750
Birla Sun Life Interval Income Fund – Monthly Plan Series II	–	–	231607360	231607360
Birla Sun Life Interval Income Fund – Quarterly Plan Series I	–	–	154517680	189719911
Birla Sun Life Interval Income Fund – Quarterly Plan Series II	–	–	51984439	51984439
Birla Sun Life Interval Income Fund – Quarterly Plan Series III	–	–	108406489	209982603
Birla Sun Life Interval Income Fund – Series 1 – IP	150000000	–	–	–
Birla Sun Life Interval Income Fund – Series 2 – IP	250000000	–	–	–
Birla Sun Life Medium Term Fund – IP	3933961	203933961	200000000	–
Birla Sun Life Quarterly Interval Fund Series 1	–	–	46015785	46015785
Birla Sun Life Quarterly Interval Fund Series 2	–	–	61367548	61367548
Birla Sun Life Quarterly Interval Fund Series 3	–	–	50917250	50917250
Birla Sun Life Quarterly Interval Fund Series 4	–	–	46009551	46009551
Birla Sun Life Quarterly Interval Fund Series 6	–	–	30623490	30623490
Birla Sun Life Quarterly Interval Fund Series 7	–	–	61249140	61249140
Birla Sun Life Quarterly Interval Fund Series 9	–	–	92730221	92730221
Birla Sun Life Savings Fund IP	2753236867	2961120835	3785479704	3667047092
Birla Sun Life Short Term Fund – IP	474060538	319215554	211288807	211288807
Birla Sun Life Short Term Opportunities Fund	789186955	403444583	–	–
Canara Robeco Interval Series – 2 – (Quarterly Plan – 2)	75000000	–	–	–
Canara Robeco Liquid – Super IP	482061630	482061630	–	–
Canara Robeco Treasury Advantage Fund – Super IP	565573147	391003967	–	–
DBS Chola Fixed Maturity Plan Series 6	–	–	–	30000000
DBS Chola Freedom Income -STF -IP	–	–	44989913	44989913
DBS Chola Interval Income Fund Monthly Plan A IP	–	–	20152629	20152629
DBS Chola Liquid Fund – IP	–	–	44875430	44875430
DSP Blackrock Cash Manager Fund – Institutional – Daily Dividend	2749896	2749896	–	–
DSP Blackrock Cash Plus – IP – Daily Dividend	–	–	1194653	1194653
DSP Blackrock Floating Rate Fund – IP	2755370	2755370	–	–

5. Investments – Non Trade and Unquoted Unless Stated Otherwise continued

Investment – Non Trade and Unquoted Unless Stated Otherwise continued

Following Investments purchased and sold during the year:	2009–10 Purchased Units	2009–10 Sold Units	2008–09 Purchased Units	2008–09 Sold Units
DSP Blackrock FMP 12M – Series 3	–	40000000	40000000	–
DSP Blackrock FMP 13M – Series 1	–	45000000	–	–
DSP Blackrock FMP 13M – Series 3 – IP	20000000	–	–	–
DSP Blackrock FMP 18M – Series 1	–	15000000	–	–
DSP Blackrock FMP 3 Months Series 10	–	–	61088267	61088267
DSP Blackrock FMP 3 Months Series 11	–	–	20397903	20397903
DSP Blackrock FMP 3 Months Series 13	–	–	71533534	71533534
DSP Blackrock FMP 3 Months Series 6	–	–	405403	20405403
DSP Blackrock FMP 3 Months Series 9	–	–	46790353	46790353
DSP Blackrock FMP 3 Months Series 9	–	–	–	750000
DSP Blackrock FTP Series 3 H	–	–	–	100000
DSP Blackrock Liquid Plus Fund – IP	–	–	2509451	2663288
DSP Blackrock Liquidity Fund Institutional – Daily Dividend	–	–	1254982	1254982
DSP Blackrock StRategic Bond Fund – IP	249531	249531	–	–
DWS Fixed Term Fund – Series – 20	–	–	–	15000000
DWS Fixed Term Fund – Series – 21	–	–	–	35000000
DWS Fixed Term Fund – Series – 24	–	–	–	100000000
DWS Fixed Term Fund – Series – 25	–	–	–	25000000
DWS Fixed Term Fund – Series – 32	–	–	–	7000000
DWS Fixed Term Fund – Series – 35	–	–	–	21664400
DWS Fixed Term Fund – Series – 41	–	15000000	–	–
DWS Fixed Term Fund – Series – 57 IP	–	–	50000000	50000000
DWS Fixed Term Fund – Series – 58 IP	–	–	60000000	60000000
DWS Fixed Term Fund – Series – 67	50000000	–	–	–
DWS Insta Cash Plus Fund – Institutional Plan	326008855	326008855	411295498	411295498
DWS Money Plus – Institutional Plan	–	–	231729194	231729194
DWS Quarterly Interval Fund Series 1	–	–	99114460	99114460
DWS Ultra Short Term Fund – Super IP	504257536	657503252	590114000	436868284
Fidelity Liquid Plus Super Inst	–	–	127583	10135442
Fortis Fixed Term Plan – Series 5	–	–	–	10000000
Fortis Fixed Term Plan – Series 8 Yearly Plan A	–	–	–	10000000
Fortis Fixed Term Plan – Series 8 Yearly Plan D	–	–	–	32439600
Fortis Fixed Term Plan – Series 8 Yearly Plan E	–	–	–	25000000
Fortis Flexible Short Term Plan – Series B	–	–	31422480	68064853
Fortis Flexible Short Term Plan – Series D	–	–	20357741	20357741
Fortis Interval Fund – Series 2 Quarterly Plan M IP	–	–	143030474	143030474
Fortis Interval Fund – Series 2 Quarterly Plan N IP	–	–	11216597	11216597
Fortis Interval Fund Quarterly Plan I	–	–	30554811	30554811
Fortis Money Plus IP Fund	–	–	663610436	663610436
Fortis Overnight Fund – Institutional Plus	–	–	400793313	400793313
Fortis Short Term Income Fund IP Plus	–	–	67420322	67420322
HDFC Cash Management Fund – Savings Plan	1825682096	1825682096	1541327340	1541327340
HDFC Cash management Fund – Treasury Advantage Plan	2343774821	2536488391	2390664456	2118874727
HDFC Fixed Maturity Plan 14 Months March 2007	–	–	–	107000000
HDFC Fixed Maturity Plan 15 Months March 2007	–	–	–	45000000
HDFC Fixed Maturity Plan 18 Months October 2006	–	–	–	25000000
HDFC Fixed Maturity Plan 367 Days August 2007	–	–	–	15000000
HDFC Fixed Maturity Plan 367 Days June 2007	–	–	–	5000000
HDFC Fixed Maturity Plan 367 Days September 2007	–	–	–	5000000
HDFC Fixed Maturity Plan 370 Days August 2008 (3) IP	–	20000000	20000000	–
HDFC Floating Rate Income Fund – Long Term Plan	63263912	–	68108756	–
HDFC Floating Rate Income Fund – Short Term Plan Wholesale Option	1578779976	1275158512	99369807	99369807
HDFC FMP 100D March 2010 – 1 – IP	50000000	–	–	–
HDFC FMP 13M March 2010 – 2 – IP	35000000	–	–	–
HDFC FMP 14M March 2010 – IP	50000000	–	–	–
HDFC FMP 181D August 2008 – 1 – IP	–	–	30000000	30000000
HDFC FMP 367D March 2010 – 1 – IP	20000000	–	–	–

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

5. Investments – Non Trade and Unquoted Unless Stated Otherwise continued
Investment – Non Trade and Unquoted Unless Stated Otherwise continued

	2009–10		2008–09	
Following Investments purchased and sold during the year:	Purchased Units	Sold Units	Purchased Units	Sold Units
HDFC FMP 90D August 2008 – 1	–	–	35000000	35000000
HDFC FMP 90D August 2008 – 3	–	–	140000000	140000000
HDFC FMP 90D August 2008 – 4	–	–	200000000	200000000
HDFC FMP 90D July 2008 – 2	–	–	50000000	50000000
HDFC FMP 90D July 2008 – 3	–	–	55000000	55000000
HDFC FMP 90D June 2008 – 1	–	–	53000000	53000000
HDFC FMP 90D June 2008 – 3	–	–	35000000	35000000
HDFC FMP 90D November 2008 – 3	–	–	25000000	25000000
HDFC FMP 90D September 2008 – 1	–	–	53000000	53000000
HDFC FMP 90D September 2008 – 2	–	–	146890832	146890832
HDFC FMP 90D September 2008 – 3	–	–	100000000	100000000
HDFC FMP 90D September 2008 – 4	–	–	100000000	100000000
HDFC Quarterly Interval Fund – Plan C – IP	65000000	–	–	–
HSBC Cash Fund Institutional Plus Option	–	–	102861301	102861301
HSBC Fixed Term Series 21	–	–	–	20000000
HSBC Fixed Term Series 25	–	–	–	50000000
HSBC Fixed Term Series 27	–	–	–	15000000
HSBC Fixed Term Series 32	–	–	–	10000000
HSBC Fixed Term Series 36	–	–	–	40000000
HSBC Fixed Term Series 44	–	15000000	–	–
HSBC Fixed Term Series 58	–	–	25504426	25504426
HSBC Interval Fund I	–	–	20425526	20425526
HSBC Interval Fund II	–	–	46034086	46034086
HSBC Ultra Short Term Bond Fund Institutional Plus Option	–	–	214531357	214531357
ICICI Prudential Banking and PSU Fund – IP	398403649	199966657	–	–
ICICI Prudential Fixed Maturity Plan Series 34 – 15 Months Plan	–	–	–	50000000
ICICI Prudential Fixed Maturity Plan Series 35 – 13 Months Plan	–	–	–	150000000
ICICI Prudential Fixed Maturity Plan Series 35 – One Year Plan	–	–	–	25000000
ICICI Prudential Fixed Maturity Plan Series 37 – 14 Months Plan	–	–	–	35000000
ICICI Prudential Fixed Maturity Plan Series 38 – One Year Plan D	–	–	–	10000000
ICICI Prudential Fixed Maturity Plan Series 41	–	10000000	–	–
ICICI Prudential Fixed Maturity Plan Series 42 – Sixteen Months Plan	–	15000000	–	–
ICICI Prudential Fixed Maturity Plan Series 47 – One Year Plan B IP	–	100000000	100000000	–
ICICI Prudential Flexible Income Plan	2298038072	3002018137	4504628541	3898916482
ICICI Prudential Floating Rate Plan – Plan D	–	–	150044516	150044516
ICICI Prudential Floating Rate Plan –Plan D IP	–	–	192557726	192557726
ICICI Prudential FMP Series 44 – 3 Months Plan A	–	–	52000000	52000000
ICICI Prudential FMP Series 44 – 3 Months Plan D	–	–	60000000	60000000
ICICI Prudential FMP Series 44 – 3 Months Plan E IP	–	–	32055343	32055343
ICICI Prudential FMP Series 47 – 3 Months Plan B IP	–	–	102256000	102256000
ICICI Prudential FMP Series 47 – 3 Months Plan C IP	–	–	30000000	30000000
ICICI Prudential FMP Series 51 – 13 Months – Plan C – IP	50000000	–	–	–
ICICI Prudential FMP Series 51 – 14 Months – Plan D – IP	40000000	–	–	–
ICICI Prudential FMP Series 51 – One Year Plan B – IP	30000000	–	–	–
ICICI Prudential FMP Series 52 – One Year Plan A – IP	20000000	–	–	–
ICICI Prudential Instl Liquid Plan-Super Instl	886803552	886803552	3095220539	3095220539
ICICI Prudential Interval Fund – Annual Interval Plan II	–	–	–	50000000
ICICI Prudential Interval Fund – Annual Interval Plan III	–	–	–	20000000
ICICI Prudential Interval Fund II Quarterly Interval Plan B	–	–	71419605	71419605
ICICI Prudential Interval Fund II Quarterly Interval Plan C	–	–	84423534	186106879
ICICI Prudential Interval Fund II Quarterly Interval Plan D IP	–	–	61391440	61391440
ICICI Prudential Interval Fund II Quarterly Interval Plan E IP	–	–	82706858	107706858
ICICI Prudential Interval Fund IV Quarterly Plan B IP	30783500	50783500	116365100	66365100
ICICI Prudential Interval Fund IV Quarterly Plan C IP	–	–	25628250	25628250
ICICI Prudential Interval Fund Quarterly Plan I	–	–	102176607	102176607
ICICI Prudential Medium Term Plan Premium Plus	151071707	–	–	–
ICICI Prudential Ultra Short Term Plan – Super Premium	2018205102	1258610359	–	–

5. Investments – Non Trade and Unquoted Unless Stated Otherwise continued

Investment – Non Trade and Unquoted Unless Stated Otherwise continued

Following Investments purchased and sold during the year:	2009–10 Purchased Units	2009–10 Sold Units	2008–09 Purchased Units	2008–09 Sold Units
IDFC Cash Fund Plan C IP	916847560	916847560	605941571	605941571
IDFC Fixed Maturity Plan – 13 Month – Series 5	25000000	–	–	–
IDFC Fixed Maturity Plan – 14 Month – Series 1	45000000	–	–	–
IDFC Fixed Maturity Plan – Half Yearly Series 9 – Plan A – IP	100488000	–	–	–
IDFC Fixed Maturity Plan – Thirteen Months Series 1 IP	–	–	40000000	–
IDFC Fixed Maturity Plan – Yearly Series 17 – Plan B	–	30000000	–	–
IDFC Fixed Maturity Plan – Yearly Series 19 – Plan B	–	35000000	–	–
IDFC Fixed Maturity Plan – Yearly Series 3	–	–	–	40000000
IDFC Fixed Maturity Plan – Yearly Series 5	–	–	–	35000000
IDFC Fixed Maturity Plan – Yearly Series 7	–	–	–	25000000
IDFC Fixed Maturity Plan MS 4 IP	–	–	45339300	45339300
IDFC Fixed Maturity Plan MS 5 IP	–	–	40304400	40304400
IDFC Fixed Maturity Plan MS 6 IP	–	–	40288400	40288400
IDFC Floating Rate Fund – Institutional Plan – Long Term Plan – Plan B	–	–	175644943	175644943
IDFC FMP QS 29	–	–	25443000	25443000
IDFC FMP QS 31	–	–	45936790	45936790
IDFC FMP QS 34	–	–	30530700	30530700
IDFC FMP QS 35 Plan B	–	–	32622514	32622514
IDFC FMP QS 36	–	–	91856755	91856755
IDFC FMP QS 37	–	–	23490998	23490998
IDFC FMP QS 39 IP	–	–	122622288	122622288
IDFC FMP QS 40 IP	–	–	67007298	67007298
IDFC FMP QS 41 IP	–	–	40902400	40902400
IDFC FMP QS 43 IP	–	–	20463200	20463200
IDFC FMP Quarterly Series 55 – Plan A – IP	100000000	–	–	–
IDFC Liquid Fund IP	–	–	3854927	3854927
IDFC Money Manager Fund Treasury Plan C IP	1596747291	1859744830	1412818717	993796732
IDFC Money Manager Investment Plan Plan B IP	345570496	203409192	–	–
IDFC Quarterly Interval Fund Plan A IP	–	–	61763666	61763666
ING Fixed Maturity Fund – Series 49 (Institutional Plan)	–	–	30000000	30000000
ING Fixed Maturity Fund Series 31	–	–	–	50000000
ING Fixed Maturity Fund Series 32	–	–	–	40000000
ING Interval Fund (Quarterly Interval Fund – B) IP	–	–	15475955	15475955
ING Interval Fund (Quarterly Interval Fund – C) IP	–	–	19134924	19134924
ING Liquid Fund-Super Institutional	–	–	154114291	154114291
ING Liquid Plus Fund-Institutional Fund	–	–	165641863	217040025
JM Arbitrage Advantage Fund – Growth Plan	–	–	–	39701103
JM Fixed Maturity Fund – Series XII Quarterly Plan 1	–	–	25533074	25533074
JM Fixed Maturity Fund – Series XII Quarterly Plan 2 IP	–	–	15339672	15339672
JM Fixed Maturity Fund – Series XII Quarterly Plan 3 IP	–	–	47071728	47071728
JM Fixed Maturity Fund – Series XIII – Monthly Plan 1 IP	–	–	25190755	25190755
JM Fixed Maturity Fund – Series IV 13 Months Plan	–	–	–	15000000
JM Fixed Maturity Fund – Series VII	–	–	–	27004691
JM Fixed Maturity Fund Series X – QP 4	–	–	20402087	20402087
JM Fixed Maturity Fund Series XIII Monthly Plan 2 IP	–	–	20583392	20583392
JM Fixed Maturity Fund – Series IV – Yearly Plan – Growth Plan	–	–	–	10000000
JM High Liquidity Super Institutional	79876287	79876287	348172636	348172636
JM Interval Fund – Quarterly Plan 1 – IP	–	–	97923901	97923901
JM Interval Fund – Quarterly Plan 2 – IP	–	–	41319372	41319372
JM Interval Fund – Quarterly Plan 3 – IP	–	–	25540849	25540849
JM Interval Fund – Quarterly Plan 4 – IP	–	–	25543233	25543233
JM Interval Fund – Quarterly Plan 5 – IP	–	–	66303012	66303012
JM Interval Fund – Quarterly Plan 6 – IP	–	–	66332290	66332290
JM Money Manager Fund Super Plus Plan	80050749	80050749	499118713	616230726
Kotak Flexi Debt Fund	–	–	236654934	336234286
Kotak Flexi Debt Fund – IP	1564619836	1095782065	336637280	336637280
Kotak Floater – Long Term	2855298535	2927525257	261063665	188836943

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

5. Investments – Non Trade and Unquoted Unless Stated Otherwise continued
Investment – Non Trade and Unquoted Unless Stated Otherwise continued

	2009–10		2008–09	
Following Investments purchased and sold during the year:	Purchased Units	Sold Units	Purchased Units	Sold Units
Kotak FMP 12 M Series 1	–	–	–	10000000
Kotak FMP 12 M Series 2	–	–	–	25000000
Kotak FMP 12 M Series 4	–	–	–	25000000
Kotak FMP 12 M Series 6	–	–	20000000	–
Kotak FMP 12 M Series 6	–	20000000	–	–
Kotak FMP 12 M Series 9 IP	–	30000000	30000000	–
Kotak FMP 13 M Series 1	–	–	–	75000000
Kotak FMP 13 M Series 2	–	–	–	50000000
Kotak FMP 13 M Series 3	–	30000000	–	–
Kotak FMP 13 M Series 5 IP	–	–	50000000	–
Kotak FMP 13 M Series 6	75000000	–	–	–
Kotak FMP 14 M Series 2	–	–	–	50000000
Kotak FMP 14 M Series 3	–	25000000	–	–
Kotak FMP 14 M Series 4	–	20000000	–	–
Kotak FMP 370 Days Series 1	50000000	–	–	–
Kotak FMP 370 Days Series 2	60000000	–	–	–
Kotak FMP 370 Days Series 3	70000000	–	–	–
Kotak Liquid (Institutional Premium)	2040619959	2040619959	380864770	380864770
Kotak Monthly Interval Plan Series 3 IP	–	–	151115078	151115078
Kotak Quarterly Interval Plan Series 1	210696435	70696435	25589529	25589529
Kotak Quarterly Interval Plan Series 2	1054089	71054089	116042096	46042096
Kotak Quarterly Interval Plan Series 3	100407768	–	66139063	66139063
Kotak Quarterly Interval Plan Series 4	–	–	185372248	185372248
Kotak Quarterly Interval Plan Series 5	–	–	51238467	105000501
Kotak Quarterly Interval Plan Series 6	351931170	–	50846221	50846221
Kotak Quarterly Interval Plan Series 7	100410790	–	–	–
Kotak Quarterly Interval Plan Series 8	170000000	–	51167976	51167976
Kotak Quarterly Interval Plan Series 9	–	–	40974954	40974954
Principal PNB Cash Management Fund Liquid Option Instl. Prem. Plan	25000198	25000198	944621253	944621253
Principal PNB Deposit Fund Plan 540 Days Series I	–	–	–	15000000
Principal PNB Fixed Maturity Plan 30 Days Series 1 IP	–	–	150000000	150000000
Principal PNB Fixed Maturity Plan 30 Days Series 2 IP	–	–	30000000	30000000
Principal PNB Fixed Maturity Plan 385 Days Series IV	–	–	–	30000000
Principal PNB Fixed Maturity Plan 385 Days Series V	–	–	–	10000000
Principal PNB Fixed Maturity Plan 385 Days Series VI	–	–	–	15000000
Principal PNB Fixed Maturity Plan 460 Days Series III	–	–	–	40000000
Principal PNB Fixed Maturity Plan 460 Days Series IV	–	8000000	–	–
Principal PNB Fixed Maturity Plan 91 Days Series XVI	–	–	29001967	29001967
Principal PNB Fixed Maturity Plan Series 17 IP	–	–	75011787	75011787
Principal PNB Floating Rate Fund FMP IP	–	–	1259349470	1472795166
Principal PNB Floating Rate Fund FMP-IP	25026278	25026278	–	–
Principal PNB Income Fund	–	–	–	38087110
Reliance Fixed Horizon Fund II Annual Plan Series IV	–	–	–	25000000
Reliance Fixed Horizon Fund II Annual Plan Series V	–	–	–	35000000
Reliance Fixed Horizon Fund II Annual Plan Series VI	–	–	–	150000000
Reliance Fixed Horizon Fund III Annual Plan Series I	–	–	–	100000000
Reliance Fixed Horizon Fund III Annual Plan Series III	–	–	–	200000000
Reliance Fixed Horizon Fund III Annual Plan Series IV	–	–	–	100000000
Reliance Fixed Horizon Fund III Annual Plan Series VI	–	–	–	200000000
Reliance Fixed Horizon Fund IV Annual Plan Series I	–	–	–	30000000
Reliance Fixed Horizon Fund IV Annual Plan Series II	–	–	–	30000000
Reliance Fixed Horizon Fund IV Series VI	–	20000000	–	–
Reliance Fixed Horizon Fund VII Series I	–	15000000	–	–
Reliance Fixed Horizon Fund VII Series III	–	50000000	–	–
Reliance Fixed Horizon Fund VIII Series VII	–	–	120010798	120010798
Reliance Fixed Horizon Fund X Series II	–	150000000	150000000	–
Reliance Fixed Horizon Fund X Series V Super IP	–	185000000	185000000	–

5. Investments – Non Trade and Unquoted Unless Stated Otherwise continued
Investment – Non Trade and Unquoted Unless Stated Otherwise continued

Following Investments purchased and sold during the year:	2009–10 Purchased Units	2009–10 Sold Units	2008–09 Purchased Units	2008–09 Sold Units
Reliance Fixed Horizon Fund X Series XIV	–	–	120000000	120000000
Reliance Fixed Horizon Fund XI Series II Super IP	–	–	96000000	96000000
Reliance Fixed Horizon Fund XII Series III Super IP	–	–	100000000	–
Reliance Fixed Horizon Fund XII Series IV Super IP	–	–	450000000	–
Reliance Fixed Horizon Fund XII Series XIII Super IP	–	–	95000000	95000000
Reliance Fixed Horizon Fund XIII Series III Super IP	60000000	–	–	–
Reliance Fixed Horizon Fund XIV Series I Super IP	100000000	–	–	–
Reliance Fixed Horizon Fund XIV Series V Super IP	50000000	–	–	–
Reliance Liquid Fund- Treasury Plan	–	–	13085041	13085041
Reliance Liquid Fund-Cash Plan	–	–	6319425	6319425
Reliance Liquid Plus Fund – Institutional Plan	–	–	17100474	18034691
Reliance Liquidity Fund	1795359495	1795359495	3294093404	3294093404
Reliance Medium Term Fund	624221138	711256992	1608046140	1521010287
Reliance Money Manager Fund – IP	16210568	16210568	–	–
Reliance Monthly Interval Plan Series I – Super IP	124962511	–	–	–
Reliance Quarterly Interval Fund Series III – IP	224928023	–	–	–
Religare Fixed Maturity Plan Series II – Plan A – IP	125000000	–	–	–
Religare Fixed Maturity Plan Series II – Plan B – IP	125000000	–	–	–
Religare Fixed Maturity Plan Series II – Plan C – IP	150000000	–	–	–
Religare Fixed Maturity Plan Series II – Plan F – IP	100000000	–	–	–
Religare FMP 3 Months – Series XXII	–	–	115016	20378498
Religare FMP-13 Months – Series II	–	–	–	5000000
Religare FMP-14 Months – Series I	–	–	–	10000000
Religare FMP-15 Months – Series II	–	10001712	–	–
Religare FMP-375 Days – Series III	–	–	–	10000000
Religare FMP-375 Days – Series IV	–	–	–	25000000
Religare FMP-375 Days – Series V	–	–	–	15549525
Religare Liquid Fund – Super IP	743589628	743589628	–	–
Religare Ultra Short Term Fund – IP	648745785	648745785	–	–
SBI Magnum Insta Cash	48958323	48958323	–	–
SBI Premier Liquid Fund – IP	–	–	278915465	278915465
SBI SDFS 13 Months 10 IP	–	–	150000000	–
SBI SDFS 13 Months 9 IP	–	–	95000000	–
SBI SDFS 370 Days – Series 3 – IP	100000000	–	–	–
SBI SDFS 90 Days 20	–	–	1799254	103699603
SBI SDFS 90 Days 25	–	–	105695033	105695033
SBI SDFS 90 Days 26	–	–	71463140	71463140
SBI SDFS 90 Days 29 IP	–	–	169432119	169432119
SBI SHDF – Ultra Short Term – IP	82094892	82094892	386049885	386049885
TATA Dynamic Option Bond Fund – Option B	–	–	1376277	192852013
TATA Fixed Horizon Fund Series 13 Scheme A	–	–	–	20000000
TATA Fixed Horizon Fund Series 13 Scheme B	–	–	–	15000000
TATA Fixed Horizon Fund Series 13 Scheme C	–	–	–	10000000
TATA Fixed Horizon Fund Series 14 Scheme A	–	–	–	20000000
TATA Fixed Horizon Fund Series 17 Scheme E	–	–	61047763	61047763
TATA Fixed Horizon Fund Series 18 Scheme B	–	–	50000000	–
TATA Fixed Horizon Fund Series 18 Scheme B IP	–	50000000	–	–
TATA Fixed Horizon Fund Series 18 Scheme D IP	–	20000000	20000000	–
TATA Fixed Horizon Fund Series 19 Scheme E	–	–	122817495	122817495
TATA Fixed Horizon Fund Series 19 Scheme F IP	–	–	15385650	15385650
TATA Fixed Horizon Fund Series 6 Scheme C 13 Months	–	–	–	25000000
TATA Fixed Horizon Fund Series 7 Scheme A 13 months	–	–	–	20000000
TATA Fixed Horizon Fund Series 7 Scheme B	–	–	–	40000000
TATA Fixed Horizon Fund Series 7 Scheme D 16 Months	–	–	–	15000000
TATA Fixed Income Portfolio Fund A2 IP	–	–	50182952	50182952
TATA Fixed Income Portfolio Fund A3 IP	–	–	50100012	50100012
TATA Fixed Income Portfolio Fund Scheme B3	60000000	–	–	–

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

5. Investments – Non Trade and Unquoted Unless Stated Otherwise continued
Investment – Non Trade and Unquoted Unless Stated Otherwise continued

	2009–10		2008–09	
Following Investments purchased and sold during the year:	Purchased Units	Sold Units	Purchased Units	Sold Units
TATA Fixed Investment Plan 2 Scheme A IP	–	15000000	15000000	–
TATA Fixed Maturity Plan Series 26 – Scheme A	20000000	–	–	–
TATA Floater Fund	2166193455	1942974583	3139246367	2882696305
TATA Floating Rate Fund – LT	–	–	2820160	151457705
TATA Floating Rate Long Term	–	–	30028977	30028977
TATA Income Plus Fund Option A	–	–	145404956	145404956
TATA Income Plus Fund Option B	–	–	145847726	145847726
TATA Liquid Super High Inv.Fund	12606924	12606924	16158344	16158344
TATA Treasury Manager Fund – SHIP	–	–	1532009	1532009
Templeton Fixed Horizon Fund – Series I (13 Months Plan)	–	–	–	105000000
Templeton Fixed Horizon Fund – Series I (15 Months Plan)	–	–	–	20000000
Templeton Fixed Horizon Fund – Series II Plan B	–	–	–	20000000
Templeton Fixed Horizon Fund – Series XI Plan C IP	–	20000000	20000000	–
Templeton Fixed Tenure Fund – Series VII (370 Days Plan)	–	–	–	50000000
Templeton Floating Rate Income Fund LT – Super IP – Daily Dividend	–	–	253558553	253558553
Templeton India TMA Liquid – Super IP	–	–	3428522	3428522
Templeton India Ultra Short Bond Fund – Super IP	–	–	274344735	274344735
Templeton Quarterly Interval Plan – Plan C	–	–	45891043	45891043
UTI Fixed Income Interval Fund Annual Interval Plan III	–	–	–	50000000
UTI Fixed Income Interval Fund Monthly Interval Plan I	435962	75435962	311682171	236682171
UTI Fixed Income Interval Fund Monthly Interval Plan II	100000000	–	171217023	171217023
UTI Fixed Income Interval Fund Quarterly Interval Plan I IP	–	–	51167047	51167047
UTI Fixed Income Interval Fund Quarterly Interval Plan III	100000000	–	76685758	76685758
UTI Fixed Income Interval Fund Series II Quarterly Interval Plan IV IP	–	–	16092703	16092703
UTI Fixed Income Interval Fund Series II Quarterly Interval Plan V IP	201142962	–	–	–
UTI Fixed Income Interval Fund Series II Quarterly Interval Plan VI IP	–	–	40917006	40917006
UTI Fixed Income Interval Fund Series II Quarterly Interval Plan VII IP	–	–	20502038	20502038
UTI Fixed Maturity Plan – HFMP (03/08)	–	–	1658234	76217965
UTI Fixed Maturity Plan Yearly Series March 2009 IP	–	–	40000000	–
UTI Fixed Maturity Plan Yearly Series YFMP 03/07	–	–	–	129380575
UTI Fixed Maturity Plan Yearly Series YFMP 06/08	–	–	50920431	50920431
UTI Fixed Maturity Plan Yearly Series YFMP 11/09	50000000	–	–	–
UTI Fixed Term Income Fund Series II Plan 16	–	–	–	20000000
UTI Floating Rate Fund – STP – IP	10231044	6938793	–	–
UTI Liquid Cash Plan Institutional	33230618	33230618	18181560	18181560
UTI Short Term Fixed Maturity Plan Series I – IV IP	–	–	20446600	20446600
UTI Short Term Fixed Maturity Plan Series I – IX IP	–	–	76718164	76718164
UTI Short Term Fixed Maturity Plan Series I – VI IP	–	–	66466819	66466819
UTI Short Term Fixed Maturity Plan Series I – VII IP	–	–	20466982	20466982
UTI Short Term Income Fund	198791349	–	–	–
UTI Treasury Advantage Fund – IP	34394645	39370377	33782633	28391257
	41217722881	**36713911520**	**47435273878**	**48149770024**

6. Inventories

(Rs in crore)

	2010		2009	
Stores and spares		198.68		217.28
(Including in transit Rs 13.07 crore: previous year Rs 16.21 crore)				
Stock in process				
– Ore	19.24		12.31	
– Concentrates	110.37		238.73	
– Others	106.57		67.92	
		236.18		318.96
Finished goods		16.88		9.42
		451.74		545.66

7. Sundry Debtors – Unsecured Considered Good

(Rs in crore)

	2010		2009	
Debts outstanding for a period of more than six months	0.73		0.73	
Other debts	151.10		164.21	
		151.83		164.94

8. Cash and Bank Balances

(Rs in crore)

	2010		2009	
Cash/cheques in hand	0.12		0.13	
Bank balances				
Schedule banks:				
– Current account	27.40		18.64	
– Short term deposits	900.01		2,700.38	
		927.53		2,719.15

9. Other Current Assets

(Rs in crore)

	2010	2009
Interest accrued on deposits, Advances etc.,	6.96	40.83
	6.96	40.83

10. Loans and Advances – Unsecured Considered Good Unless Stated Otherwise

(Rs in crore)

	2010	2009
Loans (secured) – staff	17.54	19.38
(Secured by hypothecation of property/vehicle)		
Advances recoverable in cash or in kind or for value to be received	380.52	247.92
Deposits with government departments etc.,	59.13	46.02
	457.19	313.32

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

11. Current Liabilities and Provisions

(Rs in crore)

		2010		2009
Current liabilities				
Sundry creditors (Refer note 25 of Schedule 18)		477.66		372.22
Advance from customers		47.83		30.02
Security and other deposits		354.08		233.93
Investor education and protection fund				
– matured fixed deposits		0.08		0.08
– unpaid dividend (not due for payment)		0.62		0.58
Other liabilities		105.99		165.99
		986.26		802.82
Provisions				
Dividend	253.52		169.01	
Corporate dividend tax	42.11		28.73	
Taxation (net)	43.91		0.39	
		339.54		198.13
		1,325.80		1,000.95

12. Other income

(Rs in crore)

		2010		2009
Interest on – gross*				
– deposits	125.52		165.42	
– staff loans	0.61		0.82	
– others	30.38		44.93	
		156.51		211.17
Dividend from current/non trade investments		297.26		424.99
Profit on sale of current investments (net)		42.76		54.68
Adjustment (net) to mark to market on Investments in Financial Instruments		103.72		98.60
Rent		1.94		1.59
Profit on sale of fixed assets		–		1.61
Provision for expenses written back		7.46		8.15
Exchange difference (net)		4.52		34.76
Miscellaneous income		108.03		95.68
		722.20		931.23

* Tax deducted at source Rs 26.24 Cr (2009: Rs35.12 Cr)

13. Mining and manufacturing expenses

(Rs in crore)

		2010		2009
Purchase of imported raw materials		–		40.34
Stores, spares and components		587.61		582.11
Power and fuel		723.86		811.38
Royalty		612.79		364.24
Repairs:				
– buildings	15.83		17.31	
– machinery	328.65		286.91	
– others	21.95		19.45	
		366.43		323.67
Freight on concentrate		53.15		54.51
Other factory expenses		161.01		126.27
Excise		(6.19)		(8.24)
		2,498.66		2,294.28

14. (Accretion)/Decretion of Stock

(Rs in crore)

		2010		2009
Closing stock				
Stock in process				
– Ore	19.24		12.31	
– Concentrates	110.37		238.73	
– Others	106.57		67.92	
		236.18		318.96
Finished goods		16.88		9.42
Total		253.06		328.38
Opening stock				
Stock in process				
– Ore	12.31		8.87	
– Concentrates	238.73		192.22	
– Others	67.92		76.22	
		318.96		277.31
Finished goods		9.42		26.69
Total		328.38		304.00
(Accretion)/decretion of stocks		75.32		(24.38)

15. Employees' Remuneration and Benefits

(Rs in crore)

	2010	2009
Salary, wages and bonus	409.67	323.15
Contribution to provident/other funds	39.41	20.59
Staff welfare expenses	36.89	35.26
	485.97	379.00
Less: Capitalised	28.61	14.11
	457.36	364.89

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

16. Administrative and Selling

(Rs in crore)

		2010		2009
Rent		1.05		0.77
Rates and taxes		5.00		6.60
Insurance		16.06		14.14
Watch and ward		9.88		7.66
Exploration expense		39.98		36.24
Research and development expenses:				
Salary, wages and bonus	1.78		1.46	
Materials and services	4.36		1.37	
Others	0.39		0.41	
Depreciation	0.27		0.27	
	6.80		3.51	
Less: grants received	0.05		0.06	
		6.75		3.45
Directors' fees		0.07		0.03
Directors' travelling expenses		0.24		0.23
Auditors remuneration and expenses:				
Audit fees	0.53		0.29	
Tax audit fees	0.12		0.08	
Other audit related fees	0.46		0.84	
Other services	–		0.10	
Out of pocket expenses	0.23		0.04	
		1.34		1.35
Cost audit and expenses		0.01		0.01
Donation		3.70		8.34
Selling and distribution:				
– freight and forwarding		170.60		167.67
– other selling expenses		2.29		8.35
Loss on sale of fixed assets		0.30		–
Other expenses		71.61		63.31
		328.88		318.15
Less: Capitalised		13.33		6.83
		315.55		311.32

17. Finance

(Rs in crore)

		2010		2009
Interest				
– Bank	15.95		2.29	
– Others	13.69		2.85	
		29.64		5.14
Exchange difference		3.17		–
Other Finance cost		11.11		16.74
		43.92		21.88

18. Notes

(A) 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 recognized 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 up to 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 profit and loss account 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 Rs 25,000/- are wholly depreciated.
- in respect of additions arising on account of Insurance spares, on additions/extentions 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

i) 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.

ii) 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 Profit and Loss account. 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, stock in process and finished products are valued at lower of cost and net realizable value on weighted average basis.
- Stores and spares are valued at lower of cost and net realisable value on weighted average basis.

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

18. Notes continued

– Byproducts, aluminum scrap, chemical lead scrap, anode scrap and coke fines are valued at net realisable value. Other scraps/residuals are not valued.
– Stock pile of moore cake, neutral sand, lime sludge, beta cake, lead sulphate, lead hydroxide and copper cadmium cake are valued at Re. 1 per MT.

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

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

Expenditure on projects is:

– capitalised when projects are crystallised.
– written off in other cases.

Technical know how, 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 Rs 0.05 crore 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 Profit and Loss account.

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 income statement. The hedged item is recorded at fair value and any gain or loss is recorded in the Income statement 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 income statement in the periods when the hedged item is recognised in the income statement.

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 income statement 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.

18. Notes continued

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 income statement.

Borrowing Cost

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

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 Profit and Loss Account. 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 Profit and Loss Account.

c) Other Long term benefit plan: Leave encashment

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 profit and loss account.

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.

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 recognized 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 realized.

Dividend

Interim dividend payments including tax thereon has been appropriated from profits for the year and provision is made for proposed final dividend and tax thereon 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.

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

18. Notes continued
(B) Notes

1. Contingent Liability:

(Rs in crore)

	As at 31/03/2010	As at 31/03/2009
Claims against the company not acknowledged as debts (Matters pending in court/arbitration. No cash out flow is expected in future)		
– Suppliers and contractors	60.62	40.11
– Employees, ex-employees and others	12.83	16.37
– Land Tax	0.27	0.27
Guarantees issued by the banks (Bank guarantees are provided under legal/contractual obligation. No cash out flow is expected in future)	27.91	25.91
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)	37.02	26.45
Income tax (No cash out flow is expected in future)	396.64	106.76
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)	49.09	46.52
Bills Discounted (No cash out flow is expected in future)	105.81	207.90
Claim for compensation (CLZS land)	Not ascertainable	Not ascertainable

2. Estimated amount of contracts remaining to be executed on capital account not provided for Rs 470.40 crore (2009: Rs 1492.31 crore).

3. The Company has export obligations of Rs 465.37 crore (previous year Rs 460.41 crore) against the import licenses taken for import of capital goods under Export Promotion Capital Goods & Advance License Scheme.

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

5. Additions to fixed assets and year end capital work in progress include Foreign Exchange loss Rs nil crore (2009: Rs 2.83 crore).

6. During the year,Company has borrowed money by way of commercial paper, the amount outstanding as at March 31,2010 is Rs nil (2009: Rs nil) and maximum amount raised at any time during the year is Rs 500 crores (2009: Rs nil).

7. Joint Venture:
   a. The company has access 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 (2009: 18.05%). During the year each of the partners have been allotted additional shares in proportion to their ownership interest. The company has, consequently, been allotted an additional 13538 shares.

   b. Interest in joint venture:

Name	Country of incorporation	Percentage of ownership interests as at 31/03/2010	Percentage of ownership interests as at 31/03/2009
Madanpur South Coal Company Limited	India	18.05%	18.05%

18. Notes continued

The company's interest in these Joint Ventures is reported as Long Term Investment (Schedule-5) 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:

(Rs in crore)

		As at 31/03/2010	As at 31/03/2009
I.	**Assets**		
1.	Fixed assets	1.19	1.09
2.	Current assets, Loans and Advances	0.48	–
	Cash and Bank Balances	0.06	0.54
3.	Loss being excess of expenses over income	0.36	0.19
II.	**Liabilities**		
1.	Share capital	2.08	1.81
2.	Unsecured Loan	0.01	0.01
III.	**Income**	–	–
IV.	**Expenses**	0.17	0.07

8. Matured fixed deposits of Rs 0.08 crore (2009: Rs 0.08 crore) due for transfer to Investor Education and Protection Fund have not been transferred in view of pending legal litigation between the beneficiaries.

9. Long Term Incentive Plan (LTIP)
Ultimate Parent company (Vedanta Resources plc or 'Vedanta') of the Company offers equity-based award plans to its employees, officers and directors based on the performance conditions as set out in the scheme. The performance condition attached 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 or such period as the Board of Vedanta may determine 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 and January 2010.

The fair values were calculated using a Monte Carlo model with suitable modifications to allow for the specific performance conditions of the LTIP. The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends and the risk free rate of interest. A progressive dividend growth policy is assumed in all fair value calculations. Expected volatility has been calculated using historical share prices over the period to date of grant that is commensurate with the performance period of the option. The share prices of the mining companies in the Adapted Comparator Group have been modelled based on historical price movements over the period to date of grant which is also commensurate with the performance period for the option. The history of share prices is used to determine the volatility and correlation of share prices for the companies in the Adapted Comparator Group and is needed for the Monte Carlo simulation of their future TSR performance relative to the Company's TSR performance. All options are assumed to be exercised six weeks after vesting.

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. Vedanta is obligated to issue the shares. In accordance with the terms of agreement between Vedanta and Sterlite Industries (India) Ltd (Sterlite), the grant date fair value of the awards is recovered by Vedanta from Sterlite. Accordingly, Sterlite, on the basis of fair value of options granted to the Company employees charged a proportionate cost to the Company in the amount of Rs 11.14 Crores (Previous Year Rs 19.79 Crores) which is charged to the Profit & Loss Account under the head 'Employee remuneration and benefits'.

The ultimate parent Company Vedanta has obtained an overall valuation of the options granted by it to Sterlite group. Hence the information related to options granted to the eligible employees of the Company is not readily available and accordingly the movement in options have not been disclosed.

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

18. Notes continued

The assumptions used in the calculations of the charge in respect of the LTIP awards granted during the year are set out below:

Date of grant	1st Aug 2009	1st Jan 2010
Number of instruments	Not available	Not available
Exercise price	10 US Cents	10 US Cents
Share price at the date of grant	17.64 Pound	26.11 Pound
Contractual life	3 Years	3 Years
Expected volatility	70%	70%
Expected option life	3.2 years	3.2 years
Expected dividends	1.40%	1.40%
Risk free interest rate	2.30%	2.30%
Expected annual forfeitures	13.50%	13.50%
Fair value per option granted	12.026 Pound	17.80 Pound

10. 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 Rs 19.87 crore (previous year Rs 14.24 crore) has been charged to the profit and loss account in this respect, the components of which are tabulated below:

(Rs in Crore)

Defined contribution plan	2009-10	2008-09
Provident fund	16.01	10.36
Family Pension Scheme	3.86	3.87

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 deficiency, if any, in the interest rate declared by Trust over statutory limit. Having regard to the assets of the Fund and the return in the investments, the Company does not expect any deficiency in the foreseeable future.

The Guidance on implementing AS 15 (revised 2005) issued by the Accounting Standards Board states that benefit plans involving employer established provident funds, which require interest shortfall to be recompensed are to be considered as defined benefit plan. Pending the issuances of the guidance note from the actuarial society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly the Company is unable to exhibit the related information.

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 profit and loss account under the head 'Personnel Costs'.

iii) Movement in the present value of defined benefit obligation

(Rs in Crore)

	2009-10	2008-09
Obligation at the beginning of the year	98.33	87.71
Current service cost	5.82	4.54
Interest cost	7.38	6.58
Actuarial losses and (gains)	16.12	2.98
Benefits paid	(3.72)	(3.48)
Obligation at the end of the year	123.93	98.33

18. Notes continued

iv) Movement in the fair value of plan assets

(Rs in Crore)

	2009–10	2008–09
Fair value at the beginning of the year	91.79	80.00
Expected return on the plan assets	8.26	7.56
Actuarial gains/(losses)	0.41	0.26
Employers' contribution	6.68	7.45
Benefits paid	(3.72)	(3.48)
Fair value at the end of the year	103.42	91.79

v) Amount recognised in the Balance Sheet

(Rs in Crore)

	As at 31/03/2010	As at 31/03/2009
Present value of the obligation at the end of the year	123.93	98.33
Fair value of the plan assets at the end of the year	103.42	91.79
Unfunded status/Excess of funding over obligation	(20.51)	(6.54)
Excess of actual over estimated	0.41	0.26
Net liability/asset recognised in the Balance Sheet	(20.51)	(6.54)

vi) Expense/Income recognised in the Profit and Loss Account

(Rs in Crore)

	2009–10	2008–09
Current service cost	5.82	4.54
Interest cost	7.38	6.58
Expected return on plan assets	(8.26)	(7.56)
Actuarial losses and (gains)	15.71	2.72
Total expense/income recognised in the Profit and Loss Account	20.65	6.28

vii) 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.

viii) Actual return on plan assets

(Rs in Crore)

	2009–10	2008–09
Expected return on plan assets	9.00%	9.45%
Actuarial losses and (gains)	0.41	0.26

ix) 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.

(Rs in Crore)

	2009–10	2008–09
Discount rates	7.50	7.50
Expected return on plan assets	9.00%	9.45%
Salary escalations	5%	5%
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.

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

18. Notes continued

x) Experience adjustment

	(Rs in Crore) 2009–10	2008–09
Present value of the obligation	123.93	98.33
Fair value of plan assets	103.42	91.79
Surplus/deficit in the plan	(20.51)	(6.54)
Experience adjustment on plan liabilities	(16.12)	(2.98)
Experience adjustment on plan assets	–	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.

xi) The contributions expected to be made by the Company during the financial year 2010–11 are Rs 9.77 Crore (2009: Rs 5.75 crore).

b) Other Long-Term Benefit Plan: Leave encashment

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

11. Excise Duty:

	(Rs in crore) 2010	2009
a) Excise duty shown as a reduction from turnover	420.90	461.20
Total	420.90	461.20
b) Excise duty charged to profit and loss account		
i) – difference between closing and opening stock	(6.26)	(8.37)
ii) – shortages, etc.	0.07	0.13
Total	(6.19)	(8.24)

12. Earnings Per Share (EPS):

Particulars	2010	2009
Net profit after taxation for the year (Rs in crore)	4041.41	2727.61
Weighted average number of ordinary shares for Basic EPS	422,531,900	422,531,900
Nominal value of ordinary shares (in Rs)	10/-	10/-
Basic/Diluted earnings per ordinary shares (in Rs)	95.65	64.55

18 Notes continued

13. Segment Reporting

Segment Information for the year ended 31st March 2010

Rs in crores

Particulars	31.03.2010 Zinc, lead & silver	Others	Unallocated	Total	31.03.2009 Zinc, lead & silver	Others	Unallocated	Total
Revenue								
External Sales	7,943.39	73.58	–	8,016.97	5,602.97	77.30	–	5,680.27
Inter Segment Sales								
Total Revenue	7,943.39	73.58	–	8,016.97	5,602.97	77.30	–	5,680.27
Results								
Segment result	4,446.86	16.74	–	4,463.60	2,567.73	33.20	–	2,600.93
Unallocated Corporate Income net of unallocated Expenses	–	–	–	594.43	–	–	–	779.18
Interest Expense	–	–	–	(43.92)	–	–	–	(21.87)
Net Profit before tax	–	–	–	5,014.11	–	–	–	3,358.24
Income Tax	–	–	–	(972.70)	–	–	–	(630.63)
Net Profit/(Loss)	–	–	–	4,041.41	–	–	–	2727.61
Other Information								
Segment Assets	7,816.09	453.25	11,952.13	20,221.47	5,749.04	507.98	9668.93	15,925.95
Segment Liabilities	1,035.28	10.75	1,051.47	2,097.50	796.73	5.70	568.21	1,370.64
Capital Expenditure	2,400.43	–	–	2,400.43	1,317.92	21.56	–	1,339.48
Depreciation	271.60	62.19	0.46	334.25	223.97	60.84	0.46	285.27
Non–cash expenses other than Depreciation	–	–	–	–	–	–	–	–

(ii) Information about Secondary Business Segments

	India	Outside India	Total	India	Outside India	Total
Revenue by geographical market on FOB basis	5,226.81	2,790.16	8,016.97	3,645.04	2,035.23	5,680.27
Inter-Segment	–	–	–	–	–	–
Total	5,226.81	2,790.16	8,016.97	3,645.04	2,035.23	5,680.27
Carrying amount of segment assets	8,209.72	59.62	8,269.34	6,209.63	47.39	6,257.02
Additions to Fixed Assets	2,400.43	–	2,400.43	1,339.48	–	1,339.48

(iii) Note:

a) Business Segment:

The Company is engaged in the business of mining and smelting of zinc, lead & silver operations. The company has also entered into wind energy business; however, its operations for the year are within the threshold limits stipulated under AS-17 'Segment Reporting' and hence it does not require disclosure as a separate reportable segment. In the previous year, the Company operated in a single segment of mining and smelting of zinc and lead operations.

b) Geographical Segment

The Geographical segments considered for disclosure are as follows:

– Revenue with in 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.

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

18 Notes continued
14. Related party disclosures:

a. Names of related parties and description of relation:

(i) Holding companies:	Immediate: Ultimate in India: Ultimate in U. K:	Sterlite Opportunities and Ventures Limited Sterlite Industries (India) Limited Vedanta Resources Plc. U. K.
(ii) Fellow subsidiaries		Bharat Aluminum Company Limited Sterlite Paper 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* Talwandi Sabo Power Limited Sesa Goa Limited VS Dempo & Co.private limited(VSD) Sesa Industries Limited* The Madras Aluminum Company Limited Vedanta Aluminium Limited
(iii) Joint Venture		Madanpur South Coal Company Limited
(iv) Key personnel		Mr. MS Mehta, Mr. Akhilesh Joshi
(v) Others		Sterlite Foundation

* No Transaction during the year

b. Transactions with related parties:

(Rs in crore)

	Holding company		Fellow subsidiaries		Assoc companies		Key personnel		Joint Venture		Others		Total amount	
Nature of transactions	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Purchase of goods[3]	–	–	**8.92**	16.72	–	–	–	–	–	–			**8.92**	16.72
Sale of goods[2]	–	42.10	–	–	–	–	–	–	–	–	–	–	–	42.10
Dividend[1]	**109.73**	68.58	–	–	–	–	–	–	–	–	–	–	**109.73**	68.58
Personnel services	**37.78**[2]	43.57[2]	**0.07**	0.13	–	–	–	–	–	–	–	–	**37.85**	43.70
Apportionment of common group expenses[2]	**23.29**	33.24	–	–	–	–	–	–	–	–	–	–	**23.29**	33.24
Remuneration – Key personnel	–	–	–	–	–	–	**3.64**	1.82	–	–	–	–	**3.64**	1.82
Donation	–	–	–	–	–	–	–	–	–	–	**3.26**	3.35	**3.26**	3.35
Investment in Joint Venture–														
Madanpur South Coal Company Limited	–	–	–	–	–	–	–	–	**0.27**	0.42	–	–	**0.27**	0.42
Amount due from:														
Konkola Copper Mines Plc	–	–	–	0.43	–	–	–	–	–	–	–	–	–	0.43
Sesa Goa Limited	–	–	**0.03**	–	–	–	–	–	–	–	–	–	**0.03**	–
Madanpur South Coal Company Limited	–	–	–	–	–	–	–	–	**0.02**	–	–	–	**0.02**	–
Vedanta Resources Plc. U. K	–	0.08	–	–	–	–	–	–	–	–	–	–	–	0.08
Amount due to:														
Copper Mines of Tasmania Pty Ltd	–	–	**0.01**	0.01	–	–	–	–	–	–	–	–	**0.01**	0.01
Bharat Aluminium Company Limited	–	–	**0.42**	1.28	–	–	–	–	–	–	–	–	**0.42**	1.28
Vedanta Aluminium Limited			**0.39**	–	–	–	–	–	–	–	–	–	**0.39**	–
Sterlite Industries (India) Limited	**5.20**	–	–	–	–	–	–	–	–	–	–	–	**5.20**	–

Note: 1 represents transaction with Sterlite Opportunities and Ventures Limited
2 represents transaction with Sterlite Industries (India) Limited
3 represents transaction with Bharat Aluminium Company Limited and SESA Goa Ltd

18 Notes continued

15. Financial and derivative instruments disclosure

a) The following are the outstanding Forward Exchange Contracts entered into by the Company as at 31 March 2010.

As at 31/03/2010					As at 31/03/2009				
Currency	Foreign currency in Crore	INR in Crore	Buy/Sell	Cross Currency	Currency	Foreign currency in Crore	INR in Crore	Buy/Sell	Cross Currency
Euro	1.76	106.34	Buy	USD	USD	2.80	142.66	Sell	INR
USD	1.34	60.47	Buy	INR	Euro	1.82	122.73	Buy	USD
AUD	0.03	1.45	Buy	USD	Euro	0.01	0.81	Buy	INR
CAD	0.02	0.95	Buy	USD	USD	0.12	6.03	Buy	INR
SEK	1.33	8.27	Buy	INR	AUD	0.05	1.60	Buy	USD
JPY	1.90	0.92	Buy	USD	AUD	0.00	0.12	Buy	INR
GBP	0.05	3.23	Buy	USD	CAD	0.21	8.65	Buy	USD
					SEK	0.03	0.19	Buy	INR
					JPY	6.13	3.18	Buy	USD

b) For hedging commodity related risks: Zinc forwards/futures sale for 2200 MT (2009: 3775 MT).

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

d) Unhedged foreign currency exposure.

(Rs in crore)

	As at 31/03/2010	As at 31/03/2009
Debtors	59.62	47.39
Creditors	53.51	5.05

16. Deferred taxes:

Breakup of deferred tax assets/liabilities:

(Rs in crore)

Particulars	As at 31/03/2010	As at 31/03/2009
i) Deferred tax asset:		
– Voluntary retirement expenditure	0.64	1.32
– On cash flow hedges	–	10.91
– On timing differences on expenses	1.85	0.29
	2.49	12.52
ii) Deferred tax liability:		
– Related to fixed assets	698.08	540.79
– On investments	5.74	18.73
– On cash flow hedges – Commodity	0.03	–
– Others	9.87	11.86
	713.72	571.38
Net Deferred tax asset/(liability)	(711.23)	(558.86)

17. Intangible assets represents Rs 98.41 crore (2009: Rs 98.41 crore) 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 Rs 4.67 crore (2009: Rs 4.67 crore.), cumulative Rs 42.38 crore (2009: Rs 37.71 crore).

18. Arising from the Announcement of the Institute of Chartered Accountants of India (ICAI) on 29 March 2008, the Company has chosen to early adopt Accounting Standard 30, Financial Instruments: Recognition and Measurement. Coterminous with this, in the spirit of complete adoption, the Company has also implemented the consequential limited revisions in view of AS-30 to certain Accounting Standards as have been announced by the ICAI. Consequent to this adoption, 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 Rs 105.01 crore (2009 Rs 104.41 crore) above their cost and the profit before tax being higher by Rs 0.60 crore (2009 lower by Rs 247.43 crore).

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

19. Details of Capacity and Production*

Product	Unit	Installed capacity 2010	Installed capacity 2009	Actual production 2010	Actual production 2009
Main product					
Zinc metals	MT	879,000	669,000	578,411	551,724
Lead metals	MT	93,000	93,000	71,627	65,332**
Power from wind energy	MW	123	123	25	26
By product					
Silver	Kg.	180,000	162,000	138,550	105,055
Sulphuric acid	MT	1,644,496	1,338,496	1,035,588	954,269
Cadmium metals	MT	833	833	487	471
Copper cathode	MT	2,100	2,100	–	–

* As certified by management
** Production includes high silver lead 7308 MT (2009: 5009 MT)

Particulars Regarding Opening Stock, Sales and Closing Stock of Goods Produced

(Value Rs in crore)

	Unit	Quantity 2010	Quantity 2009	Value 2010	Value 2009
Opening stock					
Zinc metals	MT	284	912	1.04	4.75
Lead metals	MT	585	902	2.29	3.84
Silver	Kg.	2,354	424	5.09	0.99
Sulphuric acid	MT	19,377	39,695	0.83	16.70
Cadmium metals	MT	2	8	0.04	0.32
Others		–	–	0.13	0.09
				9.42	26.69
Sales@					
Zinc metals	MT	577,685	552,330	6,103.33	4,265.77
Lead metals	MT	64,391	60,564	729.10	574.60
Silver	Kg.	139,130	103,125	343.98	209.89
Sulphuric acid	MT	1,038,496	974,587	101.83	480.71
Cadmium metals	MT	485	477	9.91	13.57
Wind Energy	MW	25	26	74.03	77.78
Zinc & Lead concentrate	DMT	254,418	132,748	933.20	454.67
Others				142.49	64.48
				8,437.87	6,141.47
Closing stock					
Zinc metals	MT	999	284	5.46	1.04
Lead metals	MT	614	585	2.82	2.29
Silver	Kg.	1,774	2,354	4.71	5.09
Sulphuric acid	MT	16,095	19,377	3.77	0.83
Cadmium metals	MT	4	2	0.11	0.04
Others		–	–	0.01	0.13
				16.88	9.42

@ Excludes transit shortage of zinc 11 MT (2009:22 MT) fully recovered, internal consumption of high silver lead 7205 MT (2009:5080) and transit loss 2 MT (2009: 5 MT) fully recovered

20. Particulars of Consumption of Concentrates, Stores, etc.

	2010		2009	
	Quantity in MT	Value Rs in crore	Quantity in MT	Value Rs in crore
1. a) Company's own products				
i) Zinc concentrate	1,134,576	868.99	1,044,423	767.74
ii) Lead concentrate	85,924	75.20	98,883	104.16
iii) Bulk Concentrate	89,867	184.38	32,347	64.59
		1,128.57		936.49
b) Bought out ore/concentrate				
i) Imported Concentrate	–	–	14,865.76	40.35
Total (a+b)		1,128.57		976.84

	Value (Rs in crore)		Percentage	
	2010	2009	2010	2009
2. i) Ore/concentrate				
Indigenous	1128.57	936.49	100.00	95.87
Imported	–	40.35	–	4.13
	1128.57	976.84	100.00	100.00

	2010		2009	
	Indigenous	Imported	Indigenous	Imported
ii) Stores and spares, components etc., consumed				
– Direct consumable	547.47	40.14	554.76	27.35
– Repairs and Maintenance, Power generation etc.,	236.50	369.74	360.86	391.98
	783.97	409.88	915.62	419.33

21. A. Payment to Directors

	(Rs in crore)	
	2010	2009
a) Salary and allowances*	2.53	1.62
b) Contribution to PF, pension, gratuity etc.*	0.14	0.10
c) Medical reimbursement and leave travel concession	0.04	0.03
d) Long Term Incentive Plan	0.93	0.07
e) Directors' fees	0.03	0.03
f) Commission**	0.04	–
	3.71	1.85

* Excluding perquisite valued under Income Tax Act, 1961 and contribution for encashable leave and gratuity fund as separate valuation for the same is not available

** Commission payable to non executive Director

Schedule Annexed to and Forming Part of the Accounts continued
For the year ended March 31, 2010

21. A. Payment to Directors continued

(Rs in crore)

	2010	2009
Computation of net profit in accordance with section 309(5) of companies act, 1956		
Profit before tax	5014.11	3358.24
Add: depreciation as per accounts	334.25	285.27
Add: Loss on sale of fixed asset	0.30	–
Add: Managerial remuneration to Directors	3.71	1.85
	5352.37	3645.36
Less: depreciation under companies Act, 1956	334.25	285.27
Less: Profit on sale of assets	–	1.61
Less: Profit on sale of investment	42.76	54.68
Less: Gain on mark to market on financial assets/liabilities	103.72	98.60
Net profit for the year	4871.64	3205.20
Commission to:		
Commission maximum as per terms of appointment/special resolution	48.72	32.05
Commission as recommended by the Board	0.04	–
B. Commission to Non-Executive Directors as determined by the Board	0.04	–

22. CIF Value of Imports

(Rs in crore)

	2010	2009
Components, stores and spare parts	302.48	315.51
Capital goods	727.24	159.90
	1,029.72	475.41

23. Expenditure in Foreign Currency

(Rs in crore)

	2010	2009
Consultancy	41.41	48.45
Travelling expenses	1.52	0.62

24. Earning in Foreign Exchange

(Rs in crore)

	2010	2009
Export of goods on F.O.B. basis	2790.16	2,035.23

25. 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 31 March 2010

S No.	Particulars	2010	2009
1	Amount Outstanding	4.76	0.32
2	Interest Outstanding	–	–

26. Previous year's figures have been regrouped and rearranged, wherever necessary.

For and on behalf of the Board of Directors

Akhilesh Joshi
COO & Whole-time Director

MS Mehta
Whole-time Director

SL Bajaj
Chief Financial Officer

R Pandwal
Company Secretary

Date: April 21, 2010
Place: Mumbai

Balance Sheet Abstract and Company's General Business Profile
(As per schedule VI, part (iv) of the Companies Act, 1956)

I. Registration details

Registration No.	1208	State code	17
Balance sheet date	31 03 2010		

II. Capital raised during the year (Amount in Rs Thousands)

Bonus issue	NIL	Rights issue	NIL
Public issue	NIL	Private placement	NIL

III. Position of mobilisation and deployment of funds (Amount in Rs Thousands)

Total liabilities	188956745	Total assets	188956745
Sources of funds:		**Application of funds:**	
Paid-up capital	4225319	Net fixed assets	7277 0506
Reserves and surplus	177014403	Investments	109491695
Secured loans	NIL	Net current assets	66945 44
Unsecured loans	604721	Misc. expenditure	NIL
Deferred Tax	7112302	Accumulated losses	NIL

IV. Performance of company (Amount in Rs Thousands)

Turnover	80169651	Total expenditure	37250625
Profit/Loss before tax	50141135	Profit/Loss after tax	40414142
Earning per share (Rs)	95.65	Dividend Rate (%)	60

V. Generic names of principal products/services of company (As in monetary terms)

Item code No. (ITC code)	79011200
Product description	ZINC NOT ALLOYED CONTAINING BY WEIGHT LESS THAN 99.99% ZINC
Item code No. (ITC code)	78011000
Product description	REFINED LEAD

For and on behalf of the Board

R Pandwal
Company Secretary

SL Bajaj
Chief Financial Officer

Akhilesh Joshi
COO & Whole-time Director

MS Mehta
Whole-time Director

Date: April 21, 2010
Place: Mumbai

Financial Highlights

(Rs in crore)

Particulars	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Turnover	3,877	8,560	7,878	5,680	8,017
Profit before depreciation, interest & tax (PBDIT)	2,418	6,639	6,231	3,665	5,392
Tax	757	2,012	1,589	631	973
Profit after tax (PAT)	1,472	4,442	4,396	2,728	4,041
Gross Block	3,048	4,135	5,647	6,964	9,354
Net Block	1,918	2,871	4,163	5,213	7,277
Share Capital	423	423	423	423	423
Reserves & Surplus	3,007	7,205	11,426	13,935	17,701
Net Worth	3,430	7,628	11,849	14,358	18,124
Total Debt	558	0	0	9	60
Capital Employed	1,751	3,104	4,153	4,718	6,248
Return on capital employed (%)	83.47	138.96	93.58	44.07	57.51
Earnings per Share (Rs)	34.85	105.12	104.04	64.55	95.65
Dividend per Share (Rs)	2.50	5.00	5.00	4.00	6.00
Book Value per Share (Rs)	81.17	180.51	280.41	339.80	428.94

Notes

Credit Quality Analysis of Hindustan Zinc Limited's Treasury Portfolio

Ref. no.: JV/VEDANTA/2010-11/003

May 6, 2010

Hindustan Zinc Limited
Yashad Bhawan,
Udaipur (Rajasthan) – 313004

Sub: Credit Quality Analysis of Hindustan Zinc Limited's Treasury Portfolio of Fixed Income Investments

CRISIL FundServices provides research support to Hindustan Zinc Limited, at a pre-investment stage, on the Credit Quality of fixed income instruments. It also reviews on a monthly basis, the credit quality* of Hindustan Zinc Limited's treasury portfolio of fixed income investments. As per CRISIL FundServices' analysis, the credit quality of Hindustan Zinc Limited's treasury portfolio has been categorized as 'Very Good' (the highest categorization on CRISIL's 4-point scale) on a consistent basis in the Financial Year 2009–10.

* The credit quality of the portfolio is categorized on a 4-point scale – 'Very Good', 'Good', 'Average' and 'Below Average'

Yours sincerely,

Mukesh Agarwal
Director – Research

Disclaimer: CRISIL has taken due care and caution in preparing this document. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers/users of this document.

Hindustan Zinc Limited

Hindustan Zinc Limited
Yashad Bhawan,
Udaipur – 313 004,
Rajasthan
Tel: +91 294-2420813-15

www.hzlindia.com