

Well positioned
through the cycle

Hindustan Zinc Limited
43rd Annual report 2008–09



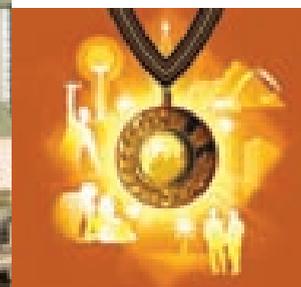
Entrepreneurship

We foster an entrepreneurial spirit in our business and value the ability to foresee opportunities early in the cycle and act on them swiftly. Whether it is developing growth projects or it is debottlenecking the existing assets we ensure an entrepreneurial spirit in the heart of our employees.



Growth

We continue to deliver industry-leading growth and generate significant value for our shareholders. Our growth is unique and we are confident that we will continue to deliver significant growth for shareholders in the future. We are not the only beneficiary of our growth. We see growth as a means to enhance the wealth and prosperity of the society at large.



Excellence

Achieving excellence in all that we do is our way of life. We consistently deliver projects ahead of schedule at industry-leading costs of construction and within budget. We are one of the lowest cost zinc producers and our ongoing initiatives should help us to further sharpen our cost performance. Equally important to us is achieving excellence in health, safety and environment performance.



Trust

We value and cherish the trust reposed in us by our stakeholders. We recognize that we must responsibly deliver on the promises we make to earn that trust. We constantly strive to meet stakeholder expectations and try to deliver ahead of expectations. We always behave in a manner that is consistent and upholds our value system. Our desire and ability to act in a competent manner would help us to further build upon the trust of our stakeholders.



Sustainability

We pursue sustainability within the framework of well defined governance structures and policies and with the demonstrated commitment of our management and employees. Our sustainability team comprises of over 280 full time resources including field workers. With the use of appropriate technology and best in class practices, we always endeavour to minimize the damage to the environment, and we do not miss any opportunity to leave a positive mark. Our growth and business policy hinges around the philosophy of inclusive growth with a clear focus on neighbourhood communities.

Our vision

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

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Mission and Highlights

Our mission is to:

- Be the largest integrated producer in the world with a zinc-lead metal capacity of one million tonnes by 2010.
- Be the lowest cost zinc producer on a global scale, maintaining market leadership.
- Be innovative, customer oriented and eco-friendly, maximising stake-holder value.

Highlights

- Revenue of Rs 5,680 crore driven by higher volumes in both Zinc and Lead, despite 48% decline in Zinc LME.
- Highest ever annual saleable metal production of 551,724 tonnes of Zinc, 60,323 tonnes of Lead and 105 tonnes of Silver.
- PBDIT of Rs 3,665 crore driven by excellent cost performance.
- EPS of Rs 64.55 per share.
- Stable operating costs despite sector-wide price pressures.
- Continue to deliver projects ahead of schedule and within budget, in a challenging environment.
- Strong balance sheet with shareholders fund base of Rs 14,357 crore and cash flow and liquid investments of Rs 9,629 crore.
- Total dividend recommended at Rs 4.0 per share.

Growth projects

- Actions to cross 1 million tonnes of metal production capacity.
- Rs 3,600 crore of growth projects under implementation.

Hindustan Zinc at a Glance



Mining operations

1. Rampura Agucha Mine

Ore Produced in FY 2009:
4,953,110 tonnes

Type of Mine: Open Cast

Reserves: 67.88 million tonnes

Resources: 50.88 million tonnes

Average Reserves Grade:
Zinc 13.36%
Lead 1.87%

Ore Production Capacity: 5.00 mtpa

3. Rajpura Dariba Mine

Ore Produced in FY 2009:
483,293 tonnes

Type of Mine: Underground

Reserves: 7.38 million tonnes

Resources: 19.39 million tonnes

Average Reserves Grade:
Zinc 6.26%
Lead 1.56%

Ore Production Capacity: 0.9 mtpa

2. Sindesar Khurd Mine

Ore Produced in FY 2009:
299,995 tonnes

Type of Mine: Underground

Reserves: 6.39 million tonnes

Resources: 50.22 million tonnes

Average Reserves Grade:
Zinc 5.31%
Lead 2.76%

Ore Production Capacity: 0.30 mtpa

4. Zawar Mines

Ore Produced in FY 2009:
944,300 tonnes

Type of Mine: Underground

Reserves: 7.25 million tonnes

Resources: 48.53 million tonnes

Average Reserves Grade:
Zinc 3.76%
Lead 2.05%

Ore Production Capacity: 1.20 mtpa



Smelting operations

1. Chanderiya Smelting Complex

Production in FY 2009:
413,457 tonnes of Zinc
60,323 tonnes of Lead
105 tonnes of Silver

Capacity:
525,000 tonnes of Zinc
85,000 tonnes of Lead
150 tonnes of Silver

2. Zinc Smelter Debari

Production in FY 2009:
85,191 tonnes of Zinc

Capacity: 88,000 tonnes of Zinc

3. Zinc Smelter Vizag

Production in FY 2009:
53,076 tonnes of Zinc

Capacity: 56,000 tonnes of Zinc

India



Power operations

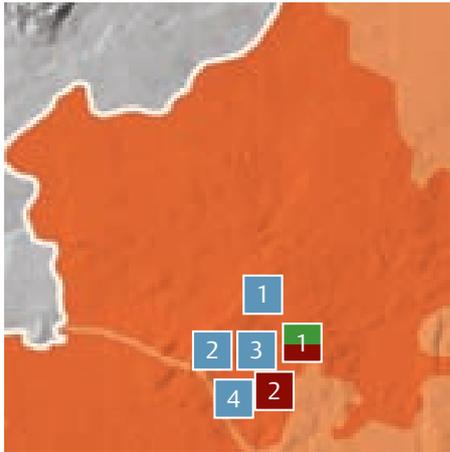
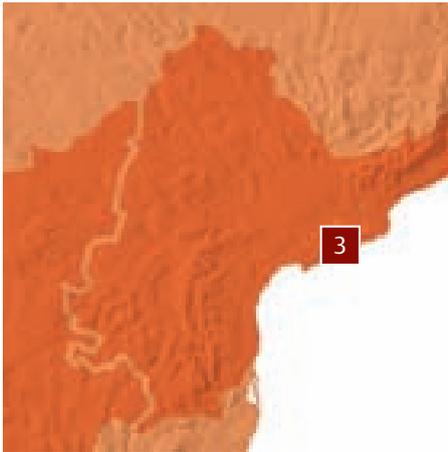
- 1. Chanderiya Smelting Complex**
Type: Coal based captive power plant
Capacity: 234 MW

- 2. Zawar Mines**
Type: Coal based captive power plant
Capacity: 80 MW
Type: DG Set
Capacity: 6 MW

- 3. Zinc Smelter Debari**
Type: DG Set
Capacity: 14.5 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



The maps are not to scale.

- OVERVIEW
- OPERATIONAL PERFORMANCE
- FINANCIAL REVIEW
- SUSTAINABILITY
- BOARD OF DIRECTORS
- FINANCIAL STATEMENTS

Chairman's Statement



We are well positioned through the cycle in a period of difficult economic conditions and commodity prices given our inherent strength of sustainable low cost operations, strong organic growth pipeline and robust balance sheet.

2009 Highlights

I have great pleasure in reporting another strong year for Hindustan Zinc Limited. We reported revenues of Rs 5,680 crore and PBDIT of Rs 3,665 crore, despite a sharp deterioration in commodity prices and the economic environment. Even in this uncertain environment, we are exceptionally well positioned due to our robust balance sheet, low cost operations, and strong organic growth pipeline with an exemplary track record of delivering capital projects within budget and timelines and continuous upgrading of mineral resources. This provides the foundation for delivering profitable growth and creating long term shareholder value.

Higher Volumes

We recorded the highest ever metal production in our history. Our mined metal production for zinc and lead in FY 2009 was up 17% compared to FY 2008, primarily as a result of commissioning the stream III concentrator at the Rampura Agucha Mine. There was an increase of 26% in refined zinc and lead metal production during the year, compared to the previous year, as result of new zinc smelter commissioned at Chanderiya and the zinc debottlenecking project.

Production of saleable silver during the year was the highest ever, up 31% compared with the previous year. During the year, our captive and wind power generation increased by 37% and 122% respectively, as compared to the previous year.

Low Cost Operations

We have succeeded in maintaining stable cost of production at the back of increased volumes and higher operational efficiencies despite higher input costs.

Strong Organic Growth Opportunities

Our portfolio of existing assets and recently completed expansion projects continues to yield superior performance and we continue to make investments that drive sustainable long-term growth. We continue to make excellent progress by delivering strong growth well above the industry average and are on track to produce 1 million tonnes of zinc-lead metal.

Strong Balance Sheet and Liquidity Position

Excellent cash conversion in FY 2009 has ensured that we exited the year with a strong balance sheet, even with the significant capital investment of Rs 1,340 crore in the period. Over the years, we have consistently generated strong free cash flow. We have taken several tax saving initiatives, which have helped push down the current tax rate from 25.8% in FY 2008 to 16.4% in FY 2009.

Exploration

I am happy to report that we have added significant reserves and resources of 46.3 million tonnes, containing 4.7 million tonnes of zinc-lead metal, prior to a depletion of 0.7 million tonnes of metal. Total reserves and resources as on 31 March 2009 were 272 million tonnes, containing 31.5 million tonnes of zinc-lead metal. Expansion of our reserves and resources base through exploration is a part of our sustainable growth strategy.

People

In a business like ours, people are at the center of our operations and are critical in helping us achieve our objectives. Our performance and results speaks of the outstanding people we have across our organization. It is because of them that we have come a long way in a short time.

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.

Sustainable Development

Sustainable development is a key element of our business. We believe that businesses play an important role in tackling and driving sustainability and climate change challenges. We are determined to pursue value-creating projects for all our stakeholders effectively addressing opportunities and risks pertaining to environment, social, health and safety. Our aim is to establish sustainable accident-free operations. We strive to ensure that our business creates sustainable benefits for all our stakeholders.

We continue to impact the lives of over 500,000 people in the vicinity of our operations.

Dividend

The Board of Directors has recommended a dividend of 40%, i.e Rs 4 per equity share, for the current year.

Changes to the Board

In October 2008, Mr Akhilesh Joshi was appointed as the Chief Operating Officer and Whole Time Director, to lead Hindustan Zinc through the next stage of development. Mr Akhilesh Joshi has worked with the Company for over 30 years and brings vast knowledge and experience in the mining industry.

In addition Mr G Srinivas and Mr AR Narayanaswamy were appointed on the Board of Directors.

Mr Nand Kishore Shukla, Mr Abhay Kumar Singh, Mr Anil Agarwal, Mr Tarun Jain and Mr Kuldeep Kaura ceased to be Directors during the year.

Awards and Recognition

I am happy that our efforts and actions continue to be acknowledged by the external agencies. During the year, we won over 15 awards in the areas of operational excellence, quality, health and safety, corporate social responsibility; notable amongst them are #2 Best Employer in India – 2009 and Amongst the top 25 Best Employers in Asia – 2009 by Hewitt Associates, Dun & Bradstreet Corporate Award – 2008 for being the Best Company in the Non-Ferrous Metals Sector for the second successive year, IMC Ramkrishna Bajaj National Quality Certificate of Merit – 2008 and the Asian Corporate Social Responsibility Award – 2008.

Outlook

The economic environment in FY 2009 remained uncertain and resulted in depressed commodity prices. We are already seeing some support for commodity prices driven by the demand coming from China and India who are continuing to invest in infrastructure projects.

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. We have a robust balance sheet and strong liquidity position. 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 flow.

AGNIVESH AGARWAL
Chairman

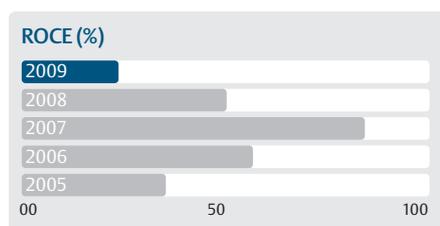
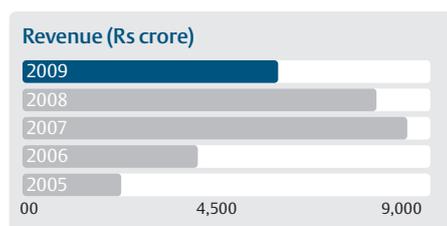
Our Performance

Key Performance Indicators

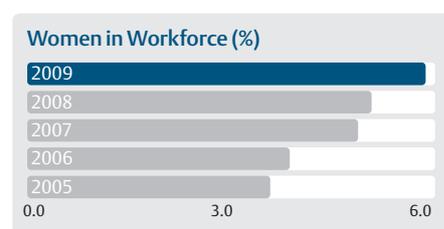
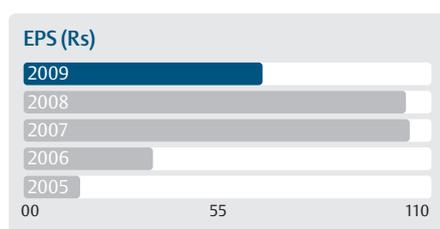
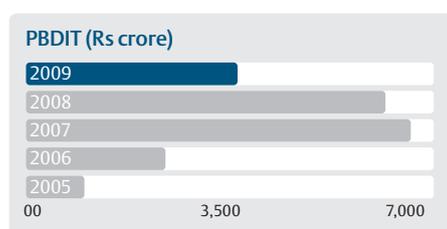
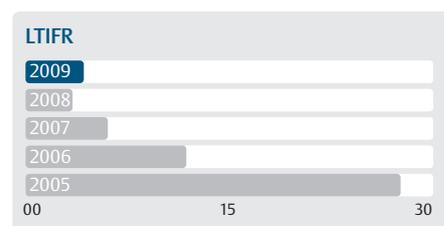
Operational



Financial



Non-financial



Key Performance Indicator

Description

Revenue	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.
ROCE %	This is calculated on the basis of profit before tax and interest as a ratio of capital employed in business as at the balance sheet date. 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.
PBDIT	PBDIT is a factor of volumes, prices and cost of production. This is calculated by adjusting operating profit plus depreciation interest and amortisation. Our objective is to take advantage of our low cost base and achieve the best possible margins across the Businesses.
EPS	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.
LTIFR	Lost time injuries per million manhours worked.
Diversity	Total number of women in the total permanent employee workforce.

Markets

Zinc



Global Market

In 2008, world zinc demand decreased by about 2% to 11.2 million tonnes. At the same time world mine production increased by 5% to 11.5 million tonnes and the world refined metal production also increased by 3% to 11.5 million tonnes, leaving the zinc market with a surplus of over 300,000 tonnes of refined zinc metal. Although the stock levels had increased at London Metal Exchange and Shanghai Future Exchanges as compared to last year, the stocks still remained at historically low levels in relation to the global consumption.

In FY 2009, the average price of zinc on the London Metal Exchange (LME) was down by 48%, as compared to FY 2008. The decline was principally driven by the global economic meltdown.

The continued fall of zinc LME prices in FY 2009 led to a number of zinc mines closures and to the shutdown or reduction of refined zinc metal production. In the beginning of FY 2009, around 0.8 million tonnes of zinc mine capacity and more than a million tonnes of refined production capacity was shut down. However, the zinc LME price stabilised at the end of FY 2009, as a consequence of a number of production cuts at both mines and smelters, offset by a weak demand in the Western World.

Geographically, we are well positioned to benefit from the global supply demand imbalance, as Asia & Europe

will be net importers and Latin America & Oceania will be net exporters. The demand base for non-ferrous metals is clearly drifting from Western World to Asian and African countries, where we have a strong presence.

Indian Market

Indian demand for refined zinc increased by 2% to 0.48 million tonnes in 2008, as compared to 0.47 million tonnes in the previous year. This was mainly driven by the demand created by infrastructure projects.

Indian zinc demand is expected to grow in the coming years based on a positive GDP forecast. The key components for growth are ongoing and upcoming infrastructure projects, consumer durables and the automobile sector. The Indian Government has also announced a conducive bailout package to boost the demand. 37 Infrastructure projects worth Rs 70,000 crores have already been approved by the Indian Government including various projects for Railway Electrification, Ports, Airports, etc. In long term we see a promising future for zinc demand in India, given the low per capita zinc consumption of 0.42 kg per capita in 2008, as compared to the world average of 1.7 kg per capita zinc consumption.

We hold more than 80% 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

– **Galvanising:** 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. Galvanising accounts for around 48% of global zinc usage.

- **Zinc Oxide:** The most widely used zinc compound, zinc oxide is used in the vulcanisation 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 by a modest 3.3% to 8.5 million tonnes in 2008, as compared to the previous year. The increase was mainly driven by the Lead-acid batteries, used principally in SLI (Starting – Lighting – Ignition) applications in motor vehicles, as well as in certain other automotive power and industrial uses, which have accounted for lead consumption growth in the recent past and are expected to augment the consumption growth in the future.

Global lead mine production was 3.5 million tonnes per annum in 2008. At the same time, the global lead smelter production was at 8.5 million tonnes. This left the refined lead market in the deficit, barely by 35,000 tonnes for the year. In FY 2009, the average price of lead on the London Metal Exchange (LME)

was down by 42%, as compared to FY 2008. The decline was principally driven by the global economic meltdown.

Consequent to a number of mines and smelter production cuts being announced with the falling LME prices, mine production supplies are expected to decline, which will in turn provide strong support to the LME prices.

Indian Market

Demand for refined Lead increased by 14.2% to 337,000 tonnes, as compared to the previous year. The main driver was the increase in the battery demand. Also, major international vehicle producers plan to produce small cars and bikes in India to take the advantage of low manufacturing costs; this would further boost battery demand.

Indian Lead demand is expected to increase in the coming years, at the back of Industrial and Inverter battery segment growth. The demand of the Indian Battery industry is estimated to be around 88% of Indian Lead demand. Our share in the domestic market is 18%.

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 motorised 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) stabilisers.

Silver



Global Market

In 2008, the demand for silver remained flat at around 890 million ounces, compared to the previous year. The demand for silver coins has seen a rise of 63% or 25.2 million ounces this year, which has offset the decline in demand for all its other applications including fabrication, industrial applications, photography, jewellery and silverware.

Mine production is expected to fall slightly in 2009, with output expected to decline from all by-product sectors except gold. Scrap supply is also expected to fall this year, due to the

ongoing downward trend in recovery from photographic products. Overall, the supply is set to decline by around 2% this year. Due to the weak outlook of the global economy, the silver demand is also expected to decline this year.

Average annual price for Silver in 2008 was US\$14.99 per ounce, which was the highest ever since 1980. An increase in investment was the main factor behind a 12% rise in 2008; it was the seventh consecutive annual rise in the silver prices.

Indian Market

Indian demand for Silver remained flat at 3,200 tonnes in 2008, as compared to the previous year. This was principally driven by industrial demand. Silver demand in India is around 3,200 tonnes, of which 75% is addressed by imports. Indian silver demand is expected to grow further on the back of prospective growth in electrical and other industrial segments.

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:** jewellery, Silver plating, silverware, photography, Dental alloys and more.

Operational Performance

Mining Operations

Driven by the capability of 6,661 employees, we are the second largest integrated zinc producer in the world.

Introduction to Operational Performance

We have mining and smelting operations in multiple locations within India. Our principal products are: refined zinc and lead metal. In addition we also recover silver, cadmium and sulphuric acid as by products.

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. 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, Zinc Smelter Vizag in the State of Andhra Pradesh.

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 certification baring Sindesar Khurd Mine which is a new mine.

Rampura Agucha Mine

This year Rampura Agucha Mine became the world's largest zinc mine with a production of 648,689 tonnes of contained zinc and lead, which is an increase of 21% as compared to the previous year. The increase in production volume is mainly because of the successful commissioning and ramp-up of the stream III concentrator, higher recoveries and increased mill throughput.

Reserves and resources of Rampura Agucha Mine as on 31 March 2009 are 118.76 million tonnes with 14.23% zinc and 1.89% lead.

Rampura Agucha 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 three streams and is equipped with state-of-the-art-automation which includes the Procon 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 up-gradations includes the latest generation Slope Monitoring Radar System which helps in slope monitoring and gives advance signals of any impending failures;

Expansions

We plan to increase the current ore production capacity of Rampura Agucha from 5 million tonnes per annum to 6 million tonnes per annum.

Summary of operating results of Rampura Agucha Mine:

Rampura Agucha Mine	FY 2009	FY 2008
Ore Mined ('000 tonnes)	4,953.11	4,068.22
Ore Milled ('000 tonnes)	4,915.86	4,075.53
Zinc		
Feed Grade (%)	13.09	13.03
Mined Metal ('000 tonnes)	591.74	489.58
Lead		
Feed Grade (%)	1.91	1.91
Mined Metal ('000 tonnes)	56.95	47.55



Sindesar Khurd Mine

Sindesar Khurd Mine achieved production level of 17,213 tonnes of contained zinc and lead during FY 2009, which was slightly lower than the previous year. Sindesar Khurd mine has a high silver content of 176 parts per million (ppm).

Reserves and resources of Sindesar Khurd Mine as on 31 March 2009 are 56.61 million tonnes with 5.39% zinc and 3.11% lead.

Production at Sindesar Khurd Mine was commissioned in June 2006. It is located about 80 kilometers north-east of Udaipur in the State of Rajasthan in India and is very well connected with roads.

The mine has excellent infrastructural & software support. The ore produced at Sindesar Khurd Mine is presently processed at Rajpura Dariba Mine's beneficiation plant. It will be processed at Sindesar Khurd Mine after commissioning of its beneficiation plant.

Summary of operating results of Sindesar Khurd Mine:

Sindesar Khurd Mine	FY 2009	FY 2008
Ore Mined ('000 tonnes)	300.00	295.20
Ore Milled ('000 tonnes)	299.91	293.88
Zinc		
Feed Grade (%)	4.84	4.85
Mined Metal ('000 tonnes)	11.87	11.60
Lead		
Feed Grade (%)	2.29	2.80
Mined Metal ('000 tonnes)	5.35	6.37

Expansions

An underground mine expansion project is planned to increase the production of Sindesar Khurd mine from 0.3 million tonnes per annum to 1.5 million tonnes per annum of ore production.

Rajpura Dariba Mine

Rajpura Dariba Mine achieved production level of 24,628 tonnes of contained zinc and lead during FY 2009, slightly lower as compared to FY 2008, due to the breakdown of the primary crusher.

Case study



Bulk Concentrate

The conventional technology for flotation of lead-zinc ores is differential flotation which produces separate concentrates of lead and zinc. These separate concentrates are used as feed for lead and zinc smelters to recover the metal.

In the process, misplaced metals (Zinc in Lead concentrates and Lead in Zinc concentrates) are lost and conventionally not accounted in recovery at the mines or at smelters.

To reduce this loss we took up the challenge to produce bulk concentrate last year. A joint team comprising of personnel from Rajpura Dariba Mine, Central Research & Development Laboratory (CRDL) and Chanderiya Smelting Complex was created for this project. Several laboratory and pilot plant experiments were conducted at CRDL but due to high Graphitic Carbon and Silica levels they were not successful in their efforts.

The team continued to brainstorm and finally decided to try producing bulk concentrate using a blend between

the Zawar Mines bulk concentrate and Rajpura Dariba Mines bulk concentrate. The team faced several challenges before they achieved an optimal blend of bulk concentrate with acceptable levels of Graphitic Carbon and Silica. As a result of this bulk flotation has been established at Zawar mines and Rajpura Dariba and Sindesar Khurd mines since December 2008. This gives us the advantage of higher metal recovery (lead, zinc and silver) and lower consumption of chemicals and power at mines along with process simplification. The benefits are summarized below:

Benefit to the Company	Zawar Mines	Dariba Mines
Zinc Recovery %	0.5	2.5
Lead Recovery %	2.0	6.0
Silver Recovery %	1.0	4.0
Financial Benefit Rs Cr/Yr	3.0	10.0

The joint team is committed to exploring further opportunities to maximize the production of bulk concentrates from Rajpura Dariba and Sindesar Khurd mines.

Operational Performance continued



Reserves and resources of Rajpura Dariba Mine as at 31 March 2009 are 26.77 million tonnes with 6.82% zinc and 1.78% lead.

Rajpura Dariba Mine is located about 76 kilometers north-east of Udaipur in the State of Rajasthan in India and is well connected with 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.

From December 2008, Rajpura Dariba's concentrator has partially switched over from the existing differential concentrate production for lead and zinc to bulk concentrate which has resulted in higher metal recovery of 2.5% in zinc, 6.0% in lead and 4.0% in silver.

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 like, Digital microprocessor based Direct Current (D.C) speed control system; Collapse stopes mining; Modification of bench and fill stoping to highly productive Bench Height Stopping (VHS) method etc. were undertaken during the year.

Summary of operating results of Rajpura Dariba Mine:

Rajpura Dariba Mine	FY 2009	FY 2008
Ore Mined ('000 tonnes)	483.29	518.05
Ore Milled ('000 tonnes)	483.27	514.32
Zinc		
Feed Grade (%)	4.98	4.86
Mined Metal ('000 tonnes)	19.70	20.33
Lead		
Feed Grade (%)	1.44	1.62
Mined Metal ('000 tonnes)	4.93	5.71

Zawar Mines

Zawar Mines achieved a production level of 44,766 tonnes of contained zinc and lead during FY 2009 slightly lower as compared to FY 2008.

Energy saving projects at mines and mill, involving an overall 6.22 Lac units per year saving, resulted in reduction in power consumption from 21.45 (2007-08) to 19.55 for mine and from 21.92 (2007-08) to 21.63 during the year.

Reserves and resources of Zawar Mines as on 31 March 2009 are 55.78 million tonnes with 4.19% zinc and 2.09% lead.

Zawar mines are one of the oldest mines and are located about 40 kilometers south of Udaipur, in the state of Rajasthan in India. It is very well connected with roads. 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 State grid.

From December 2008, Zawar Concentrator has switched over from the existing differential concentrate production for lead and zinc to bulk concentrate which has resulted in higher metal recovery of 0.5% in zinc, 2.0% in lead and 1.0% in silver.

Zawar has excellent infrastructural and software support. Significant technical up-gradations including introduction of Hydraulic Simba, introduction of higher capacity mucking equipment, haulage productivity improvement, were undertaken during the year.

Summary of operating results of Zawar Mines:

Zawar Mines	FY 2009	FY 2008
Ore Mined ('000 tonnes)	944.30	901.64
Ore Milled ('000 tonnes)	943.18	900.34
Zinc		
Feed Grade (%)	3.34	3.72
Mined Metal ('000 tonnes)	28.19	29.80
Lead		
Feed Grade (%)	2.01	2.36
Mined Metal ('000 tonnes)	16.58	18.09

Smelting Operations

Chanderiya Smelting Complex

Chanderiya is the largest single location zinc smelting complex in the world. It achieved a production level of 413,457 tonnes of refined zinc metal in FY 2009, which is 41% higher as compared to FY 2008. The increase in metal production is the result of commissioning and ramp up of our Hydro II unit and the 80,000 tonnes of zinc debottlenecking project in Hydro I & Hydro II. The refined lead production during FY 2009 was 60,323 tonnes, which is 4% higher as compared to FY 2008.

Chanderiya Smelting Complex has a capacity of 610,000 tonnes of zinc and lead, post completion of debottlenecking of 80,000 tonnes. It also has a capacity of 150 tonnes per annum of silver, 828,500 tonnes per annum of 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. Hydro I product is registered with the London Metal Exchange (LME) while Hydro II is under the process of registration. Our lead ingots produced at Pyrometallurgical Lead-Zinc smelter is also registered at LME. It is located about 110 kilometers north of Udaipur, in the State of Rajasthan, India and is very well connected by both rail and roadways.

Considering export potential and government incentives, Hydro-I unit was converted into 100% Export Oriented Undertaking (EOU) in May 2008. Apart from meeting overseas demand, this also provides benefits in both direct and indirect taxes and has brought down the average tax rate. The 100% Export Oriented Undertaking status of Hydro-I has been extended by the Indian commerce ministry.

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. This unit is accredited with the 5S certificate.

Summary of Operating Results of Chanderiya Smelting Complex:

Chanderiya Smelting Complex	FY 2009	FY 2008
Saleable Zinc (tonnes)	413,457	293,540
Saleable Lead (tonnes)	60,323	58,247
Saleable Silver (Kg)	105,055	80,405
Saleable Sulphuric Acid (tonnes)	611,870	576,491

Zinc Smelter Debari

Zinc Smelter Debari achieved an ever highest production level of 85,191 tonnes of refined zinc metal, during FY 2009, an increase of 9% as compared to FY 2008. This increase is the result of commissioning and ramp-up of our 8,000 tonnes of zinc debottlenecking project.

It is located about 20 kilometers of Udaipur, in the State of Rajasthan in India and is very well connected with rail & road networks. After completion of debottlenecking of 8,000 tonnes, 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 thermal captive power plants located in Zavar & Chanderiya. It also has a 14.5 MW Diesel Generator set for any additional power required.

Summary of operating results of Zinc Smelter Debari:

Zinc Smelter Debari	FY 2009	FY 2008
Saleable Zinc (tonnes)	85,191	78,511
Saleable Sulphuric Acid (tonnes)	267,463	105,485

Zinc Smelter Vizag

During FY 2009, Zinc Smelter Vizag achieved production level of 53,076 tonnes of refined zinc metal in FY 2009.

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

Summary of Operating Results of Zinc Smelter Vizag:

Zinc Smelter Vizag	FY 2009	FY 2008
Saleable Zinc (tonnes)	53,076	54,271
Saleable Sulphuric Acid (tonnes)	74,935	71,989

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Operational Performance continued

Power

Power is one of the most important requirements in our metallurgical operations. We have a philosophy of being self sufficient in all our power requirements. We have built our own thermal captive power plants at Chanderiya and Zawar with a total installed capacity of 314 MW. In addition we also generate power from our Diesel Generation (DG) units installed at Debari and Zawar with a total installed capacity of 20.5 MW.

With respect to our green energy initiative projects, we have successfully commissioned the entire 123.2 MW wind power plants in the State of Gujarat and Karnataka.

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. We have been successful in obtaining coal via coal linkages, coal blocks, 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).

Any surplus power generated is sold to State grid and power exchanges.

Key Statistics for FY 2009:

- During FY 2009, total power generated was 1,986 million units (MU), an increase of over 37% as compared to FY 2008.
- During the year, we received an approval for 35,000 tonnes per month of coal through the linkages.
- We also have a coal block of 31.5 million tonnes which is in a joint venture with five other parties. The work on the coal block is progressing as per schedule.

Captive Thermal Power Plants

Location	Thermal (MW)	Diesel Generation (MW)	Wind Power (MW)
Chanderiya, Rajasthan	234.0	-	-
Zawar, Rajasthan	80.0	6.0	-
Debari, Rajasthan	-	14.5	-
Samana, Gujarat	-	-	88.8
Gadag, Karnataka	-	-	34.4
Total	314	20.5	123.2

Our persistent efforts in operating the plants in the most efficient way have been recognized by way of various awards including, Asian Power Plant of the year Award, Best Emission reductions project in Asia, National Competition for Excellence in Water Management by Confederation of Indian Industry (CII) and Innovative Case Study and Water Efficient Unit.

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.

During FY 2009, we received coal linkages from Government of India. The coal linkage period is for five years and the coal supply through linkage will reduce as we begin to receive coal from the Madanpur South coal block.

The Madanpur south coal block was allotted to us along with five other companies. The coal from this block is meant for the specific consumption of our thermal power plants in Chanderiya. The total coal reserve is 174.5 million tonnes. Our share in this block is 18.05%.

Wind Power Plants

We have successfully commissioned the entire 123.2 MW wind power plants in the State of Gujarat and Karnataka and is sold to the respective state grids.

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

During the year, we produced 230.5 million units (MU) of wind power, an increase of 122% as compared to FY 2008.

Our wind energy project in Gujarat has achieved the highest per Wind Turbine Generator (WTG) power generation amongst its peer group in Gujarat.*

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).

* (Source: Gujarat Energy Limited)

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 producer by 2010.

We have a team of 46 qualified geoscientists 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 46.3 million tonnes to reserves and resources prior to a depletion of 6.7 million tonnes in FY 2009. Contained zinc-lead metal has increased by 4.7 million tonnes, prior to a

depletion of 0.7 million tonnes during the same period. Total reserves and resources at 31 March 2009 were 272.0 million tonnes containing 31.5 million tonnes of zinc-lead metal and 713.3 million ounces of silver. The reserves and resources position has been independently reviewed and certified as per the JORC standard.

In FY 2009, record annual drilling of 70,300 metres was completed. The success of our exploration efforts has been primarily at the Rampura Agucha and Sindesar Khurd mines. The success of exploration efforts during the year is signified by additions at the Rampura Agucha and Sindesar Khurd mines where we now have a reserve and resource base of 118.7 million tonnes (FY 2008: 107.3 million tonnes) and 56.6 million tonnes

respectively (FY 2008: 37.1 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 152 million tonnes of reserves and resources in the period of April 2004 to March 2009, including depletion of 26.3 million tonnes.

Reserves and Resources as on 31 March 2009

Mine	Resources						Reserves		
	Measured and indicated (million tonnes)	Zinc grade %	Lead grade %	Inferred (million tonnes)	Zinc grade %	Lead grade %	Proved and probable reserves (million tonnes)	Zinc grade %	Lead grade %
Rampura Agucha	31.33	16.21	2.25	19.55	14.06	1.41	67.88	13.36	1.87
Sindesar Khurd	18.23	6.09	3.92	31.99	4.57	3.05	6.39	5.31	2.76
Rajpura Dariba	5.73	8.27	2.55	13.66	6.47	1.32	7.38	6.26	1.56
Zawar	23.86	5.04	1.78	24.67	4.31	2.71	7.25	3.76	2.05
Kayar	2.30	12.58	1.87	6.71	9.95	1.67	-	-	-
Bamnai Kalan	1.69	5.29	1.84	3.37	5.00	3.80	-	-	-
Total	83.14	9.92	2.48	99.95	7.00	2.34	88.90	11.41	1.92



Operational Performance continued

Central Research and Development Laboratory



Our Research and Development Centre is developed to help us in making continuous improvements in our operations, product improvements and technology.

The Central Research and Development Laboratory is involved in various initiatives to work in tandem with the operations for improvement in product quality, production processes, enhance metal recovery, reduce specific consumptions and also identify the beneficial use of solid wastes etc. Six-sigma methodology is used for faster high quality outcomes in the research projects.

Our dedicated team in the Central Research and Development Laboratory 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 or overseas. During the year we have filed two National Patents on recovery of metals.

The Central Research and Development Laboratory is a recognized laboratory from Department of Scientific and Industrial Research (DSIR), Government of India and ASTM's (American Society for Testing and Materials) online directory of testing laboratories.

Growth Projects

During the year, we successfully completed the following projects:

- Successfully commissioned Stream III of Rampura Agucha Mine which has increased its capacity from 3.75 million tonnes per annum to 5.00 million tonnes per annum.
- Our total metal production capacity increased to 754,000 tonnes per annum as a result of zinc debottlenecking projects at Chanderiya (80,000 tonnes per annum) and Debari (8,000 tonnes per annum).
- Built an 80 MW thermal captive power plant at Zawar. Our total thermal captive power generation capacity is now 314 MW.
- 16 MW of wind power capacity was added in Karnataka increasing our total wind power capacity to 123.2 MW.

In line with achieving our stated production capacity goal of one million tonnes of metal per annum supported by our strong reserves and resources position. In FY 2009, we announced expansion projects that will take our total integrated zinc-lead capacity to 1,064,000 tonnes per annum with fully integrated mining and captive power generation capacities, thereby making Hindustan Zinc world's largest integrated zinc-lead producer by 2010.

Two brownfield smelter projects, which will increase the production capacities of zinc and lead by 210,000 tonnes per annum and 100,000 tonnes per annum respectively. To support the smelting capacities we are also increasing our mining capacities at Rampura Agucha, Sindesar Khurd and Kayar.

In line with the Group's philosophy of being a fully self reliant producer of power, a 160 MW captive thermal power plant is also being built at Rajpura Dariba.

We will progressively increase our silver production from the current levels of 3.4 million ounces per annum to a level of approximately over 16.1 million ounces per annum.



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Marketing



We have been successful in maintaining over 80% of market share in zinc in the domestic market and we continue to remain focused on meeting the local demand. Geographically we are also well placed to supply the zinc requirements to the nearby regions that include most of the East and West Asian and African countries – which are currently net importers of zinc having promising market growth. We are also beginning to increase our presence in European Union (EU) countries for long term supplies.

We have been increasing our metal capacities year after year through various expansions, which have made us to develop a number of new customers.

Sulphuric Acid

Sulphuric acid is one of the important by-products which we produce. In FY 2009 we produced 954,269 tonnes and sold 974,587 tonnes of sulphuric acid, an increase of 26% and 35% respectively as compared to FY 2008.

Over a period, we have established a very good domestic market and are the largest suppliers of sulphuric acid in the country.

The prices of sulphuric acid are directly related to that of sulphur. In the second half of the year, the prices for sulphuric acid have been soft due to the weakening economic environment.

Human Resources

We believe our people play a vital role in the growth of the organisation. We have undergone a great transformation at the back of competency and improvement oriented work culture. Our expansion plans and stupendous growth place high demands on Human Resource Department, which is met by recruiting high calibre people, providing them quality training, international exposures and the right positioning.

We pride ourselves in grooming leaders from within the organisation. We run a systematic process called ACT-UP (Accelerated Competency Tracking and Upgradation Programme) to identify the high potential employees and nurture them to take over the leadership positions in future.

In FY 2009, we recruited 592 freshers to man our upcoming expansions. We have comprehensive learning and development programmes for all the employees to create a learning culture where every employee aspires to move to the next level with the learning opportunities provided to him.

During the year, a number of learning initiatives were carried which includes the Management training, Six Sigma Green Belt training, Project Based Quality Initiatives, technical training, behavioural training and safety programmes covering 3,023 employees; 19,184 training man-days. It also includes a special initiative called 'NAV JAGARAN' which was launched for our non-executives with the objective to help them discover and realize their full potential for self-development and organizational growth. Some of the technical programmes were organized in collaboration with Birla Institute of Technology and Science (BITS), Pilani and Centre for Research and Industrial Staff Performance (CRISP), Bhopal.

With the objective of creating a continuous improvement culture with the bottoms up approach, Improvement Projects Scheme was launched in FY 2009 which provided structured opportunities to all the executives to participate in the initiative. During the year, 1,260 executives who had participated in the scheme had identified 1,530 projects, which contributed significant financial gains

to the organisation. All these projects were reviewed; some of these were high impact projects and were appropriately rewarded. Besides the Improvement Projects Scheme, we have the 6-Sigma initiative and the Quality Circles in place which resulted in the enhanced employee engagement and involvement of all the employees. We also have other rewards and recognition schemes which includes Production Incentive Scheme, CEO Kitty, and Achievement awards.

To ensure a good and comforting quality of life for our employees at our locations, we have the residential townships, which are equipped with schools, recreational clubs, gymnasium, medical facilities, play grounds and shopping centres.

Our HR practices have been recognised by Hewitt Associates – A global firm which ranked Hindustan Zinc amongst the top 25 companies declared as Hewitt Best Employer in Asia – 2009; Hindustan Zinc was also ranked #2 Best Employer in India – 2009.



Financial Review

Key Financial Highlights

- Revenues of Rs 5,680 crore and PBDIT of Rs 3,665 crore
- Significant volume growth in both mined and saleable metals
- Stable operating costs, despite sector-wide price pressures
- Investment of Rs 3,600 crore in growth projects
- Strong balance sheet with shareholders fund base of Rs 14,357 crore.
- Cash and liquid investments of Rs 9,629 crore
- Earnings per share of Rs 64.55

Table 1: Hindustan Zinc's Abridged Profit and Loss Statement (Rs crore)

	FY 2009	FY 2008
Net Sales from operation	5,680	7,878
Other Income	931	851
Total Income	6,611	8,729
Mining, manufacturing and other expenses including adjustment for change in stock	2,946	2,498
Financial expenses	22	24
Depreciation	285	222
Total expenditure	3,253	2,744
PBDIT	3,665	6,231
Income Tax	631	1,589
PAT	2,728	4,396
Earnings per share (Rs)	64.55	104.04

Financial Review

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

FY 2009 has seen a strong financial performance at the back of higher production volumes and improved operational efficiencies. This has helped us to maintain our cost competitiveness and sustain our profitability despite weak global economic conditions and sector-wide cost pressures.

Table 1 presents a summary of our financial performance during the year FY 2009.

Sales

We sold 332,000 tonnes of zinc metal in the domestic markets during FY 2009, broadly in line with domestic sales in FY 2008. Zinc export sales were 221,000 tonnes in FY 2009, up 151.1% from 88,000 tonnes in FY 2008. In addition to refined zinc metal, we also sold 39,000 tonnes of surplus zinc metal in concentrate and 32,000 tonnes of lead metal in concentrate, in FY 2009.

In FY 2009, we achieved ever highest mined and saleable metal production. Our mined metal production for zinc and lead was 735,296 tonnes in FY 2009, up 17% over FY 2008. The saleable zinc and lead metal production was 612,047 tonnes, an increase of 26% compared to the previous year. Our silver metal production was also higher by 31% this year at 105 tonnes as compared with FY 2008.

Revenue

Despite 26% increase in saleable metal production, our revenue declined by 28% from Rs 7,878 crore in FY 2008 to Rs 5,680 crore in FY 2009. This was due to substantial fall of 48% in zinc LME prices.

Cost of Production

We were able to keep our cost of production in FY 2009 stable as compared to FY 2008, at the back of higher volumes and increased operational efficiencies; despite higher input costs and volatile acid credits.

Operating Margin

PBDIT in FY 2009 was Rs 3,665 crore, down 41% compared with FY 2008, primarily

due to the significant reduction in LME zinc and lead prices by 48% and 42%, respectively. The positive impact of higher volumes, rupee appreciation against US dollar and stable operating cost, was more than offset by the LME decline.

Taxation

We have taken several tax saving initiatives, which have helped push down the current tax rate from 25.8% in FY 2008 to 16.4% in FY 2009.

Liquidity and Investment

As at 31 March 2009, the Company had cash and cash equivalents of Rs 9,629 crore. This includes Rs 6,929 crore in debt mutual funds and Rs 2,700 crore

in fixed deposits with banks. Excellent cash conversion in FY 2009 has ensured that we exited the year with a strong balance sheet, even with the significant capital investment of Rs 1,340 crore in the period. Cash generation and conservation are key business drivers; Gross working capital, represented by inventory, sundry debtors and loans and advances, reduced from Rs 1,349 crores at 31 March 2008 to Rs 1,065 crores at 31 March 2009. Net working capital turnover a parameter to determine efficiency of working capital management; reduced from 5.72% in FY 2008 to 1.12% in FY 2009. Over the years, we have consistently generated strong free cash flow.



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 program 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

Our risk management process is approved at the highest level by the Board of Directors and is set up across the enterprise. It is designed to identify potential events that may affect the entity, manage such risks within clearly laid down parameters, and to provide reasonable assurance regarding the achievement of entity's objectives.

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.

Risk assessment is carried out in all our key operations and projects. At the unit

level, risks are the responsibility of the Strategic Business Units (SBU) heads/ operating managers or supervisors. Once a risk is identified, it is necessary to design and document control measures to mitigate/minimize the risk. These controls are checked internally and are reviewed by the Management Assurance System (MAS) – a team that is not connected with the day-to-day management of the Company. Risk registers are kept and updated; and residual risks are measured on a regular basis. The Board of Directors is regularly apprised by the management of high level risks and what mitigating steps are being taken.

Commodity 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 an immediate and 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 strict limits laid down by our Board and is subject to strictly defined internal controls and monitoring mechanisms.

Reserves and Resources

The ore reserves stated in this report are estimates and represent the quantities of zinc 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. 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.

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.

Foreign Currency

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. To mitigate this risk, foreign currency exposures are managed through our hedging policy. This policy is reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

Other Risks

Apart from these, some other risks include risks associated with completing new projects within timelines and budgets, especially given the current weak global economic scenario. We have a strong track record of completing our projects ahead of schedules and within budgets, which mitigates this risk to a greater extent

We regularly review these risks and take appropriate steps to mitigate the same.

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

This report on Management Discussion and Analysis contains 'forward-looking statements' – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as 'expects', 'anticipates', 'intends', 'plans', 'believes', 'seeks', 'should' or 'will'. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forwardlooking statements. We do not undertake to update our forwardlooking statements.



Sustainable Development

We are determined to pursue value-creating projects for all our stakeholders effectively addressing opportunities and risks pertaining to environment, social, health and safety and continue to ensure that our business creates sustainable benefits for all our stakeholders. We continue to impact the lives of over 500,000 people in the vicinity of our operations.

Sustainability is one of our core values, and absolutely integral to our overall vision to 'transform tomorrow'. We know we operate in a sector that can have a significant impact on the environment, which means we have an even greater responsibility to make sure we use resources wisely, and manage our waste and emissions effectively. Complying with environmental regulations is just the start: in our performance we aspire to excellence. The challenge is that we have to do this in the context of an ongoing, and indeed growing, demand for the metals we produce.

Our focus in this area reflects our determination to pursue value-creating projects for our stakeholders that also effectively address our environmental, social, health and safety opportunities and risks.

Health, Safety and Environment

We consider Health, Safety and Environment to be the key element for our business and philosophy. We stay committed to continuous improvement in health, safety and environment in line with the HSE policy. Not just because it is right to safeguard the health of the planet for future generations, but because it also makes sound

and sustainable business sense. 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.

Our focus in this area is evident by some of the key initiatives that we undertake by engaging reputed national and international consultants for assessing our performance, identifying gaps and closing them.

Our efforts in this direction have been recognized by way of several prestigious awards including, 'Occupational Health & Safety Award – 2008' by The Royal Society for the prevention of Accidents (RoSPA)-UK, 'Golden Peacock award for Occupational Health & Safety – 2008' by UN-Human Rights Commission, 'Environment, Social awareness and Excellence Award – 2008' by Federation of Indian Mineral Industries.

All our operations have the certifications as per below table 2.

■ Safety

We aim to provide a safe workplace that is an injury-free working environment for all our employees and contractor personnel. Improving our safety performance which requires a consistent and holistic approach.

In an operating business like ours where there are operational hazards we actively work to continuously improve our safety performance. Ultimately, it is our aim to have no employees or contract workmen injured while at work.

We believe that working safely is the responsibility of every individual who works at our sites. We ensure that there is effective involvement and open communication of all safety matters at all levels in our organisation.

Safety Performance

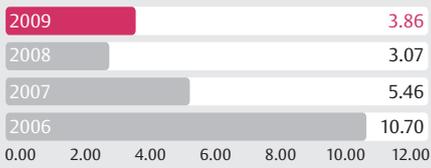
For evaluating the safety performance of the company 'Lost Time Injuries Frequency Rate (LTIFR)' an index system is followed across the Company. It is the number of injuries involving the loss of work time per million working hours.

The safety improvements over the past few years have been achieved

Table 2

	ISO 9001 – 2008	ISO 14001 – 2004	OHSAS 18001 – 2007	SA 8000 – 2008	5S
Mines					
Rampura Agucha Mine	Certified	Certified	Certified	Certified	Certified
Sindesar Khurd Mine	Not Certified	Not Certified	Not Certified	Not Certified	Not Certified
Rajpura Dariba Mine	Certified	Certified	Certified	Certified	Certified
Zawar Mines	Certified	Certified	Certified	Certified	Under Progress
Smelters					
Chanderiya Smelting Complex	Certified	Certified	Certified	Not Certified	Certified
Zinc Smelter Debari	Certified	Certified	Certified	Certified	Certified
Zinc Smelter Vizag	Certified	Certified	Certified	Certified	Certified

Chart 1. LTIFR



by concentrating on improving our safety systems and continuing to build and strengthen our 'safety culture'. Culture based program, participation of employees and contract workmen in safety meetings, safety interaction and encouraging workers to intervene if they see an unsafe act/conditions are part of our day to day business.

There was a significant reduction of 64% in LTIFR over the last four years from 10.70 in FY 2006 to 3.86 in FY 2009 as shown in the chart 1.

Some of the key initiatives in safety during the year include:

- We engaged the British Safety Council, United Kingdom to audit and assess our safety standards and performance which resulted in a number of good practices that we follow and some areas where we needed to do a good amount

of improvements against which a time-bound action plan was prepared and those areas were strengthened.

- More than 20 safety program covering 295 employees and 29 contract workmen at Chanderiya Smelting Complex and 46 employees at Zinc Smelter Debari, have been conducted through the National Safety Council. 13 behavioural safety based Suraksha Jyoti program since August 2008 covering 348 contract workmen, supervisors and workers at Chanderiya Smelting Complex have been conducted through Sum Amicus Consultants Private Limited.
- Health, Safety and Environment (HSE) training has been given for more than 23,000 man-days covering a wide spectrum of topics including, fire and safety, environment monitoring and analysis, behavioural safety training 'Suraksha Jyoti', etc.
- For strengthening our safety management of our contract workers, all major contractors are having their respective dedicated safety officers and for small contractors, our own safety officers are supervising. Concurrently guidelines for 'Safety Management of Contractor' have been prepared and implemented.
- Updated Safety Score Card system was introduced across all the smelters and mines to assess their relative

performance and benchmarking their safety performance on all parameters.

- Group level interactions of Health, Safety and Environment (HSE) professionals was organised, to facilitate sharing of best practices of each company to enhance safety management.

Despite our sincere efforts and continuous focus on improving the safety performance of the organization, there were five fatalities during the year, which were all of our contract workmen. Three fatalities at Zawar mines were due to very old structural failure and two fatalities at Chanderiya Smelting Complex were due to sudden fire in the tank. Disciplinary actions were also taken against the responsible employee to bring the accountability towards safety.

In order to avoid the recurrence of accidents, a structural audit was conducted at all of our sites through reputed agencies and also through in-house competence. The action plans were drawn to complete the audit observations and monitoring is done at the highest level.

Environment

We are committed to continual improvement in environmental performance and we apply similar standards to all our smelters and mines with the aim of minimizing any harm to our people, our local communities and to the environment around us.

We minimize the impacts on environment at every possible stage through adoption of best available technology, resources, recycle and reuse practices. And we also focus on conserving bio-diversity in and around our operating locations.

We identify, monitor and manage environmental risks arising from our operations and have formal site environmental management systems externally certified to ISO 14001 and also ensure appropriate focus and integration of environmental issues in our business.



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Sustainable Development continued

Chart 2: Specific energy consumption, mines

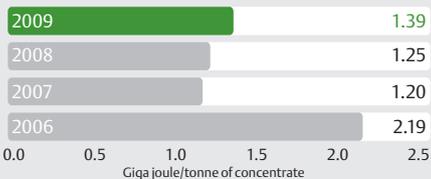


Chart 3: Specific energy consumption, smelters



Chart 4: Specific water consumption, mines

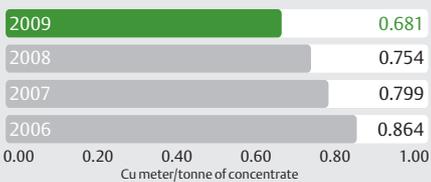
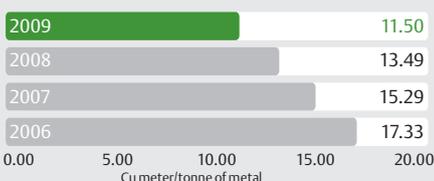


Chart 5: Specific water consumption, smelters



Metallurgical industries are energy and water intensive industry, so energy and water efficiency is of paramount importance to us and we have processes in place to assess ways in which we can reduce our carbon footprints. Some of the improvement initiatives relating to the energy and water efficiencies are

Energy Conservation Initiatives

- During the year, we have installed Variable frequency drives (VFDs) which will reduce the power consumption by approximately 164,000 kwh per annum.
- We have introduced carbon footprint reporting as a part of our Management Information System, to monitor our greenhouse gas emissions.

- We have received the United Nations Framework Convention on Climate Change (UNFCCC) registration for our wind power plants at Gujarat and Karnataka. Apart from that we already have a 9.4 MW capacity waste heat recovery boiler at Chanderiya which is UNFCCC registered.
- During the year, we sold 16,000 Certified Emission Reduction (CER's) and 22,700 Voluntary Emission Reduction (VER's).

Through our continuous efforts for energy conservation we have been able to reduce our specific energy consumption (i.e. energy consumed per tonne of metal produced) by 37% and 31% at mines and smelters respectively over the last four years as shown in chart 2 and chart 3. Our efforts have been recognised through the 'National Energy Conservation Award - 2008' by National Energy Council.

In FY 2009, the specific energy consumption at our mines is slightly higher compared to last year due to an increase in the working depth of our open cast mine at Rampura Agucha.

Water Conservation Initiatives

- Reverse osmosis plants have been installed at all our smelters, resulting in a decrease of fresh water consumption.
- We maintain zero-discharge at all our locations.
- Specific water consumption (i.e. water consumed per tonne of metal produced) has decreased by 21% in mines and 34% in smelters over the span of four years as shown in chart 4 and chart 5 respectively. It is recognized by 'Water Excellent Award - 2008' by Confederation of Indian Industry (CII) - ITC.

By recycling waste water and installing reverse osmosis plants, we have made a potential saving of approximately 360,000 cubic meters per annum of water. Optimization of beneficiation process has helped to save around 28,800 cubic meters per annum of water.

Health

We aim to eliminate occupational illness through providing a workplace that is free from occupational health risk and hygiene hazard and proactively work with employees and contract workmen to contribute towards healthier lifestyles. This enables us to increase our productivity and reduce absenteeism.

Full time occupational health experts are available across all mines and smelters for regular health examination of employees, contract workmen's at workplaces. Specific examinations like blood lead level, audiometry, spirometry, ECG, and chest X-rays are carried out on a regular basis.

The health of our employees is monitored by our internal system that ensures that periodical medical examinations take place. During the year, more than 8,100 employees have undertaken initial/periodical medical examinations. There was no case of occupational disease reported during the year.

Managing Climate Change

We always endeavour to reduce our operational impacts on the environment. Climate change being a global cause of concern these days for social, economic and environmental development, we recognize its importance and look forward to mitigating the effect as a part of our social responsibility.

We have two wind energy farms whose combined capacity being 123.2 MW located in the state of Gujarat and Karnataka and has combined potential of 225,000 CER per annum. In FY 2009, our wind power plants have been registered as Clean Development Mechanism (CDM) projects under United Nations Framework Convention on Climate Change (UNFCCC). Apart from that we also have a 9.4 MW capacity waste heat recovery boiler generating power by utilizing waste heat at Chanderiya Smelter which is also a UNFCCC registered CDM project.

Biodiversity

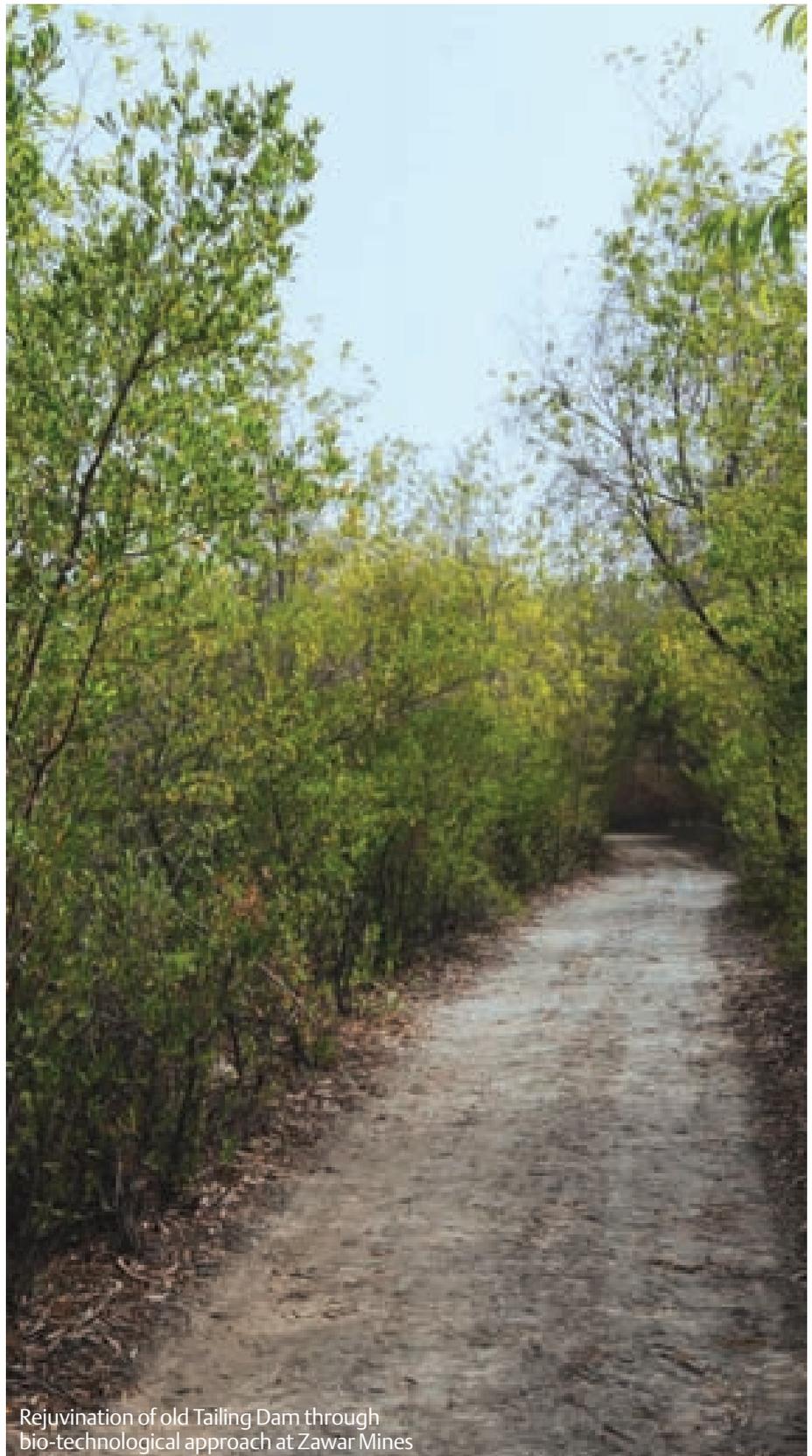
None of our smelters and mines are situated near endangered ecosystem or wetland area or world heritage sites. All our operating sites are surrounded with dense plantation and every year plantation is done to further improve its density and increase the greenbelt coverage. Few of our sites have engaged horticulture experts to restore the wasteland by plantations. During the year, we have planted around 25,000 trees across all operating sites including Jatropha plants covering about 9.5 hectare of land. The total population of our plantation are more than 900,000 plants across all our operating locations.

We will keep on showing our endeavor to conserve the biodiversity and recognize the importance of conserving and responsibly managing biological diversity, both as an issue for the business and for the society.

Waste Management

Ours being a non-ferrous metal industry, the hazardous as well as non-hazardous waste are being generated at the mines and smelters. We hold clear focus on waste minimization and strive to utilize the generated waste in alternative gainful use.

During the year around 162,000 tonnes of Fly ash generated from our captive power plants and about 252,000 tonnes of ISF Slag have been utilized by the 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 utilised.



Rejuvenation of old Tailing Dam through bio-technological approach at Zawar Mines

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Corporate Social Responsibility

We continue to impact over 500,000 lives through our relentless Corporate Social Responsibility (CSR) initiatives. We are committed to raise the quality of life and social well-being of communities where we operate. We believe engaging with our stakeholders in two-way, open dialogue, is the key to the development of sustainable communities.

Our approach to community engagement is based on the Public Private Partnership (PPP) model. We use intensive intervention in select villages identified through an indicator driven process designated as the 'Integrated Village Development Program'. In all other villages we have an extensive approach. Internal reviews and social audits are periodically conducted to facilitate transfer of autonomy to the villages and expand our reach.

We have a dedicated team of 107 functionaries including qualified professionals and subject matter specialists who are part of the corporate social responsibility team.

In pursuit of our mission, we either take up projects independently or work with partners who have similar objectives like government bodies and volunteer organizations. We also network with the national bodies including the Federation of Indian Chambers of Commerce and Industry (FICCI), Confederation of Indian Industry (CII), Federation of Indian Mineral Industries (FIMI), The Energy and Resources Institute (TERI), Institute of Directors (IOD) for cross functional learning to impact social change.

Our social policy is to:

- Be a significant contributor in addressing social needs within the communities in which we operate.
- Create sustainable partnerships, strive to actively enter into dialogue and engagement with our stakeholders.
- Strive to achieve and drive forward industry best practice in our social stewardship.

- comply with all applicable legislative and statutory requirements.
- Be a responsible and good local neighbour.

Our community development initiatives are prioritized based on the local needs. Broad areas of focus are:

- Social Investment – Health, Education, Livelihood and Infrastructural Development
- Bio Investment – Water harvesting, agriculture, animal husbandry and social forestry

Accomplishments During FY 2009:

Our work has been recognized by national and international awards including the Asian Corporate Social Responsibility Excellence Award 2008 and the Pegasus Gold Corporate Social Responsibility Award 2008.

'Integrated Village Development Program (IVDM)' is an initiative taken up to improve the social and economic well being of the people in the identified poverty stricken villages during the period of three years. During the year 27 villages have been undertaken in Phase – III and undertaken various need based initiatives for transforming them into model villages in three years.

We have imparted job oriented vocational training to 1,113 rural youth (male and female) in various vocations like Hospitality, Marketing, Computer, Home Appliances, Fitter, etc. Through this initiative over 85% of rural youth have been placed with ensured monthly earning of Rs 4,000 to Rs 8,000.

Empowerment of women through Self-Help-Groups (SHGs) forms part of our socio-economic empowerment drive. In this direction, 40 SHGs have been formed and linked with micro enterprises after providing quality training in handicraft, embroidery, tailoring, animal husbandry, carpet making, vegetable growing,

etc., thereby raising their additional average monthly income to Rs 2,500.

Our health and nutrition programs like the Sterlite Bal Chetna Anganwadi Project and the Mid Day Meal Programme, have improved the nutritional status, health and average school attendance. Midday meals are provided to more than 180,000 students through six hi-tech centralised kitchens.

Through various health and family welfare initiatives 55,330 needy people have been benefited by organising rural medical camps, surgery camps, eye camps, family planning camps, RCH camps, Pulse polio camps etc. We also issued health cards to 7,500 poor government school students, under 'Bal Ganesh Chiranjeev Government Health Scheme', for providing them free treatment.

We have set up veterinary camps where 91,285 cattle have been treated and have ensured 87% immunization in joint collaboration with the District Veterinary Department. We have organised farmers training programs benefiting 850 farmers in joint collaboration with the district agricultural Department. High-yield seeds were distributed to 200 farmers. 150 Vermi compost units were established. We also sponsored the 'Mewar Kisan Mela' and exhibition in Rajsamand District benefiting 20,000 farmers in the nearby areas.

Case study



Hatiahoda Anganwadi Centre (Awc)

We are committed to improve the quality of life and social wellbeing of communities where we operate. Our social investment particularly focuses on uplifting and empowering the youth, women and children.

We have launched 'Sterlite Bal Chetna Anganwadi Project', with the objective of holistic development of over 2 Lac underprivileged children (zero to six year's age group) in 3,500 Anganwadi Centres, in phases, for improvement in health, pre-school education and linkage with formal education.

The project has been implemented 400 Centres catering to 13,000 children and capacity building of 1,350 government and project staff in Phase-I. There has been significant improvement in nutritional and health status; and the average attendance has increased by a substantial 36%. We aim to scale up to 600 additional Anganwadi Centres in FY 2010 which will cater to 39,000 children.

AWC Hatiahoda before Intervention
Anganwadi Center (AWC) – Hatiahoda, is situated in the tribal village of Tidi, which is 35 kilometres from Udaipur. It is the only source of pre-school education for the tribal children (three to six years age group) in the village. At the time of adoption of AWC, its condition was deplorable in terms of regularity and timely opening of the center, attendance of the children, distribution of supplementary nutrition, immunization, health and hygiene.

As per base line survey conducted in the month of April 2008, the average attendance was only 19%, cleanliness of AWC and children was extremely poor and even health check ups and immunizations were highly irregular. There was no community/parents' involvement.

AWC Hatiahoda after Intervention of Sterlite Bal Chetna Anganwadi Project

Our team decided to intervene and set things in order. After 10 months of a successful journey of the Sterlite Bal Chetna Anganwadi (SBCA) Project, witnessed the following improvements:

- AWC started opening regularly in time, for four hours every day on all working days and all the AWC functionaries started attending the center with punctuality.
- Continuous facilitation by SBCA project functionaries resulted in tremendous improvement in health, hygiene, attendance, enrolment, pre-school education, nutrition and community empowerment.
- Average attendance of the children increased from 19% to 71%.
- Regularity in maintenance of proper records.
- Significant improvement in cleanliness of AWC and children.
- Regular interactions with the parents and improved community involvement

Corporate Social Responsibility continued

Key Projects:

Project	Objective	Partners	Impact	Going forward
<p>'Integrated Village Development Program'</p> <p>All the data is for last year</p>	Transformation of 59 poverty stricken villages into model village, in phased manner, based on socio-economic indicators.	Zila Parishad, Gram Panchayat, Krishi Vigyan Kendra, National Bank for Agriculture and Rural Development (NABARD), District Water & Sanitation Committee and Non-governmental organizations (NGOs).	32 model villages of Phase I & II have been completed and audited by Operations Research Group (ORG), New Delhi Improved quality of life of 72% targeted families of 32 Model Villages.	The last 27 villages to be undertaken in Phase III & IV.
Sterlite Bal Chetna Anganwadi Project	Holistic development of over 2 Lakhs children (0–6 years age group) in 3,500 Anganwadi Centres, in phases, for improvement in health, pre-school education and linkage with formal education.	Government of Rajasthan, Sterlite Foundation, Integrated Child Development Service (ICDS).	Implemented the project in 400 Centres catering to 12,611 children and capacity building of 1,350 government and project staff in Phase-I. Improvement in nutritional status, health and increase in average attendance by 36%.	Scaling up to 600 additional Anganwadi Centres in FY 2010 which will cater to 39,000 children.
Mid Day Meal Programme	To improve the enrolment, attendance, retention and nutritional status among Primary and Secondary School underprivileged students.	Nandi Foundation, District Administration & Government of Rajasthan.	Catering more than 180,000 students through six hi-tech centralised kitchens. Overall school attendance has improved to 90% and girls attendance by 70% as per World Bank Study report.	Establishment of 2 hi-tech centralized kitchens in FY 2010 which will cater 40,000 additional students.
Computer Education Project	The Project aiming to achieve Benchmarking 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 200 more rural schools in FY 2010 catering the 20,000 students with 100% coverage of girl's school.
Vocational Training for Rural Youths	Creating employability among 25,000 unemployed rural youth in phases through vocation based training.	Rajasthan Mission on Livelihoods, SANKALP and Aid at Action.	1,113 rural youth imparted training in phase-I and linked with employment in service industry and micro enterprise. 85% trained rural youth placed in various organisations, Rs 4,000 to 8,000 per month.	Scaling up training of 2,500 rural youth in FY 2010 with 90% employability.
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).	40 SHG's comprising of 600 rural women, have been strengthened with regular monthly saving, inter-loaning and linked with micro enterprise having average monthly additional income upto Rs 2,500.	Formation of New 150 women Self Help Groups in FY 2010.

Corporate Awards

Awards and recognition



In FY 2009 we have received several awards, both at an overall corporate level as well as for its individual operating units. However our efforts towards being a responsible corporate through various sustainable development initiatives were recognised at the national and international levels. Some of these are given below.

CORPORATE

Ranked # 2 in the top 25 Companies declared as Hewitt Best Employers in India in 2009

Amongst top 25 Companies declared as Hewitt best Employers in Asia in 2009

Dun & Bradstreet Rolta – Corporate Award 2008 under Non-Ferrous Metals Sector

Quality

IMC Ramkrishna Bajaj National Quality Certificate of Merit (RBNQA-2008) – Chanderiya Smelter Complex

Golden Peacock National Quality Award (GPNQA-2008) – Chanderiya Smelter Complex

9th Annual Excellence Award – 2008 in the best manufacturing process improvement by International Quality and Productivity Centre, London – Chanderiya Smelter Complex

HSE

FIMI's Environment, Social Awareness and Excellence Award from Federation of Indian Mineral Industries – Rampura Agucha Mine

RoSPA gold award 2008 from Royal Society for Prevention of Accidents, UK – Zinc Smelter Debari

National Energy Conservation Award 2008 from Government of India – Rajpura Dariba Mine

CII- National Water Management Excellent Award – 2008 – Chanderiya Smelter Complex

CII National Energy Management Award – 2008 – Zinc Smelter Vizag

Excellence in Environmental Management and Excellence in Workers Welfare awards from the Federation of Andhra Pradesh Chamber of Commerce & Industry – 2008 – Zinc Smelter Vizag

CSR

Gold Pegasus Corporate Social Responsibility Award – 2008

FICCI Annual Awards 2007-08 in the category of 'Rural & Community Development'

Asian Corporate Social Responsibility Award – 2008

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Board of Directors



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1 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 an excellent commercial knowledge with hands on experience. He is also the Director of Madras Aluminium Company Limited, Sterlite Iron and Steel Company Limited, Sterlite Infrastructure Pvt. Limited, Agarwal Galvanizing Pvt. Limited, and Sterlite Infrastructure Holdings Pvt. Limited. Mr Agarwal has completed his graduation in commerce from Sydenam College, Mumbai.

2 Mr Akhilesh Joshi is Chief Operating Officer and Whole Time Director and was appointed on the board with effect from 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's Certificate of Competency. He is the recipient of National Mineral Award (GOI) in 2006 for his outstanding contribution in the field of Mining Technology.

3. 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 Limited, Hindustan Diamond Company and Bharat Aluminium Company Limited.

4 Mr Sanjiv Kumar Mittal is a Director and was appointed on the Board with effect from 28 March 2007. Mr Mittal is an IAS (Indian Administrative Service) officer and presently holds the post of Joint Secretary and Financial Advisor, Government of India, Ministry of Mines, New Delhi. He is also the Director of Bharat Aluminium Company Limited and Hindustan Copper Limited.



5

5 Mr G Srinivas is a Director and was appointed on the Board with effect from 30 January 2009. Mr Srinivas is an IAS (Indian Administrative Service) Officer and is presently holding the post of Director in Ministry of Mines, New Delhi. He is also the Director of Hindustan Copper Limited, Bharat Gold Mines Limited and Bharat Aluminium Company Limited.

6 Mr Navin Agarwal is Executive Vice-Chairman of Vedanta Resources plc was appointed to our Board of Directors on 11 April 2002. Mr. Agarwal is also the Chairman of KCM and Madras Aluminium Company Limited, and vice Chairman and Director of Sterlite Industries (India) Limited and Director of Bharat Aluminium Company Limited, Vedanta Aluminium Limited, Sterlite Paper Limited, Sterlite Iron and Steel Company Limited, Sterlite Infrastructure Private Limited, Sterlite Infrastructure Holdings Private Limited, Sterlite Energy and Finsider International Company Limited.

Mr Agarwal has vast 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.



6

7 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, aluminium, 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 Limited, 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.

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



7

8 Mr AR Narayanaswamy is a Director and was appointed on the Board with effect from 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, Ibis Softech Solutions Private Limited, Ibis Logistics Private Limited, Ibis Systems & Solutions Private Limited and Sterlite Technology Limited.



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Shri Agnivesh Agarwal	– Chairman
Smt Ajita Bajpai Pande	– Director
Shri SK Mittal	– Director
Shri G Srinivas	– 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

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 43rd Annual Report together with the statement of Audited Accounts for the financial year ended 31 March 2009.

Financial Results and Dividend

(Rs crore)	FY 2009	FY 2008
Total Revenue	6611.50	8729.40
Profit before depreciation, interest, tax and amortization	3665.39	6231.55
Less: Interest	21.88	24.17
Gross Profit	3643.51	6207.38
Less: Depreciation and amortisation	285.27	222.04
Taxation	630.63	1589.27
Net Profit for the year	2727.61	4396.07
Add: Balance brought forward from the previous year	4619.41	970.50
Amount available for appropriation	7347.02	5366.57
Appropriation:		
General Reserve	500	500
(a) Interim Dividend on equity shares (including corporate tax thereon)	-	123.58
(b) Proposed final dividend on equity shares (including corporate tax thereon)	197.74	123.58
Balance carried forward to next year	6649.28	4619.41

Dividend

The Board of your Company has recommended dividend of 40% i.e. Rs 4.0 per equity share of face value of Rs 10 each. The total outgo on account of dividend including tax on dividend will be Rs 198 crore during FY 2009 as compared to Rs 247 crore in FY 2008. The record date for the payment of final dividend will be 30 July 2009.

Performance Review

During the year, the global supply and demand market for zinc remained flat but the prices continued to decline, which was principally driven by the global economic meltdown. However, the Company maintained its streak of volume growth at the back of higher output from mines and smelters and new capacity coming on stream.

The Company recorded ever highest metal production in our history. Mined metal production for zinc and lead in FY2009 was 735,296 tonnes up 17% compared to FY2008, primarily as a result of commissioning of the stream III concentrator at the Rampura Agucha Mine. The Company produced a total refined zinc metal production of 551,724 tonnes of zinc in FY 2009, up by 29.4% compared with 426,323 tonnes in FY 2008. The production of lead metal during FY 2009 was 60,323 tonnes compared with FY 2008 production of 58,247 tonnes, an increase of 3.5%.

Exploration

Ongoing exploration activities have yielded significant success with an increase of 46.3 million tonnes to its reserves and resources, prior to a depletion of 6.7 million tonnes in FY 2009. Contained zinc-lead metal has increased by 4.0 million tonnes, prior to a depletion of 0.7 million tonnes during the same period. Total reserves and resources at 31 March 2009 were 272 million tonnes containing 31.5 million tonnes of zinc-lead metal. The reserves and resources position has been independently reviewed and certified as per JORC standard.

Sales

Sales of zinc and zinc concentrate (metal in concentrate) increased by 8.5% from 544,660 tonnes in FY 2008 to 591,422 tonnes in FY 2009 and sales of lead and lead concentrate (metal in concentrate) decreased by 3% from 95,278 tonnes in FY 2008 to 92,305 tonnes in FY 2009.

Financial Performance

Despite increased production volumes, higher operational efficiencies and stable operating costs, our cash profits PBDT in FY 2009 was lower by 41% at Rs 3,644 crore as compared with FY 2008 primarily due to the significant reduction in average zinc and lead LME prices which declined by 48% and 42% respectively.

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Directors' Report continued

As a result of poor realisations of zinc, net sales fell by 28% from Rs 7,878 crore in FY 2008 to Rs 5,680 crore in FY 2009. However, the Company was able to contain the impact of poor market for zinc and high inputs prices by a combination of increased production volumes, improvements in operational efficiencies and higher by-product credit realisations. Due to the challenging market conditions our net profit came down by 38% from Rs 4,396 crore in FY 2008 to Rs 2,728 crore in FY 2009.

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.

Projects

During the year, your Company successfully completed several projects ahead of schedule and within budget. These include Rampura Agucha Mine expansion from 3.75 million tonnes per annum to 5.00 million tonnes per annum, 88,000 tonnes per annum of zinc debottlenecking at Chanderiya & Debari along with the commissioning of a new roaster at Debari two months ahead of schedule and 80 MW captive thermal power plant at Zawar and wind power project of 16 MW in Karnataka.

In line with achieving our stated production capacity goal of one million tonnes per annum of metal, supported by our strong reserves and resources position as discussed earlier, In FY 2009, we announced expansion projects at Hindustan Zinc that will take our total integrated zinc-lead capacity to 1,064,000 tonnes per annum with fully integrated mining and captive power generation capacities, thereby making Hindustan Zinc the world's largest integrated zinc-lead producer by mid-2010. Two brownfield smelter projects, which will increase the production capacities of zinc and lead by 210,000 tonnes per annum and 100,000 tonnes per annum respectively, along with 2 x 80 MW thermal captive power plants will be undertaken at Rajpura Dariba in Rajasthan, India.

We also expect to increase progressively our silver production to a level of approximately over 16.1 million ounces per year.

To support the increased smelting capacities, your Company will expand its ore production capacity at the Rampura Agucha mine from 5.0 million tonnes per annum to 6.0 million tonnes per annum. Ore production at the Sindesar Khurd mine will be increased from 0.3 million tonnes per annum to 1.5 million tonnes per annum. The Company also plans to start mining activity at the Kayar mine which will have a production capacity of 0.3 million tonnes per annum.

Contribution to the Exchequer

Your Company has contributed Rs 1,408.24 crore in terms of taxes and duties to the exchequer.

Directors

Mr NK Shukla, Mr KK Kaura, Mr AK Singh, Mr Anil Agarwal, and Mr Tarun Jain ceased to be Directors during the year.

The Board of Directors records appreciation of the valuable guidance and contributions made by them as members of the Board.

During the year, Mr Akhilesh Joshi, was appointed as Chief Operating Officer and Whole Time Director with effect from 21 October 2008. Mr G Srinivas, Director Ministry of Mines was nominated as director on the board of the Company with effect from 30 January 2009 by the Government of India and Mr AR Narayanaswamy was appointed as Director with effect from 30 March 2009.

Mr MS Mehta, Mr SK Mittal and Mr Navin Agarwal retire by rotation and, being eligible, offer themselves for reappointment at the ensuing Annual General Meeting. None of the retiring directors hold any share 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.

Sustainable Development Report

The Company has also published its Sustainable Development Report which forms the part of the Annual Report and has a comprehensive account of its activities and initiatives in the areas of Health, Safety, Environment and Corporate Social Responsibility (CSR).

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.	Sterlite Industries (India) Limited, India
17.	Sterlite Paper Limited, India
18.	Sterlite Opportunities and Ventures Limited, India
19.	The Madras Aluminium Company Limited, India
20.	Bharat Aluminium Company Limited, India
21.	THL KCM Limited, Mauritius
22.	KCM THL Limited, Mauritius
23.	Vedanta Resources Investments Limited, United Kingdom
24.	THL Aluminum Limited, Mauritius
25.	Monte Cello BV, Netherlands
26.	Sterlite Energy Limited, India
27.	Copper Mines of Tasmania Pty Ltd, Australia
28.	Fujairah Gold FZE, UAE
29.	Thalanga Copper Mines Pty Ltd., Australia
30.	Monte Cello NV, Netherlands Antilles
31.	Anil Agarwal Discretionary Trust, Bahamas
32.	Onclave PTC Limited, Bahamas
33.	Mr Anil Agarwal
34.	KCM Holdings Limited – Mauritius
35.	Lakomasko BV – Amsterdam

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 2009 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 2009. 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.

Directors' Report continued

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

MS Mehta
Whole-time Director

Akhilesh Joshi
COO and Whole-time Director

Place: Mumbai
Date : 11 May 2009

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 2009

A) Conservation of Energy

1. Installation of 6.5 MW steam turbine for generating power from waste heat recovery boiler at new roaster.
2. Use of VFD with PLC in ball mills and crusher feeders.
3. Installation of VFD's in coal feeders, seal air fans and in hotwell make up water pumps at CPP.
4. Streamlining of level switches in all VFD's .
5. Installation of efficient with higher capacity slurry pumps in mine back filling.
6. Use of energy efficient water pumps with VFD for sealing of slurry pumps.
7. Modification in compressed air line for optimization of air consumption.
8. Installation of planetary gear box in place of conventional gear box.
9. Optimization of motor capacity in cooling air fan at new roaster.
10. Installation of energy efficient milling system in coal mills

B) Technology Absorption

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

1. Production of bulk concentrates at Rajpura Dariba Mine and Zawar Mines for its utilization in Pyrometallurgical Smelter at Chanderiya Smelting Complex.
2. Amenability testing for Sindesar Khurd south extension ore.
3. Flotation optimization project at Rampura Agucha Mine being continued in collaboration with Julius Kruttschnitt Mineral Research Centre (JK Tech), Australia.
4. Production of Ag-rich concentrate from smelter's Pb-Ag intermediate cake (washed) via flotation.
5. Evaluation of new reagents for graphitic carbon control at Rampura Agucha Mine.
6. Process flowsheet development for the recovery of Cadmium from Cu-Cd cake of Unit-II, Chanderiya Smelting Complex.
7. Optimization of Jarosite section parameters for Hydro-I, Chanderiya Smelting Complex.
8. Reduction of iron levels in Jarosite overflow at Zinc Smelter Vizag.
9. Evaluation of ammonium jarofixing vs sodium jarofixing.
10. Exploring options for thallium removal in HGP dust project
11. Cu, Cd and minor metal mapping of Hindustan Zinc's smelters for identifying business opportunities.

12. Development of copper recovery flowsheet from Ausmelt copper – dross.
13. Review of magnesium removal section of Hydro-I, Chanderiya Smelting Complex.
14. Quality improvement of copper sulphate produced in smelters by proposing alternate oxidizing route to MnO₂.
15. Studies on Cd-removal from Ausmelt Pb-bullion during decopperization for quality improvement.
16. Reduction of chloride from spent electrolyte of Zinc Smelter Debari and Zinc Smelter Vizag.

b. Benefits derived as result of above R & D

- a. Improvements in metal recovery.
- b. Reduction in cost of production by reduced energy and reagent consumption.
- c. Recovery of by-products like cadmium, lead and silver.
- d. Optimization of plant operations by improvement in existing processes.
- e. Effective utilization of waste products like Jarosite, Imperial Smelting Furnace (ISF) Slag etc.

c. Future projects for R & D for FY 2009-10

1. Graphitic carbon reduction in bulk concentrates from Rajpura Dariba (CS – GMS) ore.
2. Julius Kruttschnitt Mineral Research Centre (JK Tech), flotation at Rampura Agucha Mine.
3. Zinc concentrates grade improvement reducing silica and lead.
4. Improve recoveries by reducing misplacements for Rajpura Dariba and Sindesar Khurd Mine; lead and zinc concentrates.
5. Management of high silica zinc concentrates in zinc hydroselters.
6. Exploring leachability of lead ladle dross for CuSO₄ production.
7. Exploration of alternate iron removal processes of jarosite.
8. To establish PN/NL/WAL parameters for identifying capacities of Unit-II, CLZS.
9. Optimization of gypsum removal section at Unit-II, CLZS.
10. Test cell experiments for reagent optimization in zinc electrolysis.

C) Foreign Exchange Earnings and Outgo

During the year, foreign exchange outgo was Rs 524 crore (which includes import of capital goods, stores and spares, know how, supervision charges and trading material) while the foreign exchange earned was Rs 2,035 crore. The details have been given under item nos 20 to 22 of Schedule 18 annexed to the accounts.

OVERVIEW

OPERATIONAL PERFORMANCE

FINANCIAL REVIEW

SUSTAINABILITY

BOARD OF DIRECTORS

FINANCIAL STATEMENTS

Form 'A'

Form for disclosure of particulars with respect to Conservation of Energy

Particulars	Unit	Year ended 31/3/2009	Year ended 31/3/2008
A Electricity, Power Generation and Fuel consumption			
Purchase Units	Million Kwh	558	503
Total Amount	Rs Cr	206.64	191.76
Average rate of purchasing	Rs/kwh	3.70	3.82
CPP – Units generated from fuel oil			
Own Generation Units (From Fuel Oil)	Million Kwh	82	155
Quantity Consumed			
LSHS/FO	MT	16,656	34,747
HSD	KL	2,577	473
Total Amount	Rs Cr	40.10	73.96
Average cost of fuel per kg	Rs/kg	21.37	21.05
Average cost of generation	Rs/kwh	4.88	4.77
Unit generated per unit of fuel (LSHS/FO/HSD)	kwh/kg	4.38	4.42
CPP – Units generated from Coal			
Own Generation Units (From Coal)	Million Kwh	1,904.04	1,290.38
Quantity Consumed			
Coal	MT	958,481	630,265
LDO	KL	1510	902
Total Amount	Rs Cr	533.49	277.32
Average cost per kg (Coal)	Rs/kg	5.51	4.36
Average cost per kg (LDO)	Rs/kg	33.60	29.93
Average cost of generation	Rs/kwh	2.91	2.28
Unit generated per unit of fuel (Coal)	kwh/kg	2.13	2.20
B Fuel consumption for Metal Production			
(a) L.P.G./Propane			
Quantity	Million kg	8.18	7.67
Total Amount	Rs Cr	32.26	26.68
Average cost per kg	Rs/Kg	39.46	34.77
(b) L.D.O./LSHS/FO			
Quantity	KL	18,969	17897
Total Amount	Rs Cr	50.47	42.38
Average cost per Ltr	Rs/Ltr	26.61	23.68
(c) Met Coke & Coke breeze			
Quantity	MT	105,349	123,500
Total Amount	Rs Cr	190.95	119.87
Average cost per MT	Rs/MT	18,125.14	9,705.90

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 of 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 2009.

for Hindustan Zinc Limited

Akhilesh Joshi
COO & Whole-time Director

Place: Mumbai
Date: 11 May 2009

Secretarial Compliance Report

To The Members Hindustan Zinc Limited Udaipur

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

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

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

We report that for the financial year ended on 31 March 2009, the Company has complied with the provisions of Companies Act, 1956 and Rules, Regulations framed thereunder, as given hereunder:

- Maintained all the statutory registers required under the Companies Act, 1956 ('the Act') and the Rules made thereunder.
- Filed all the forms and returns and furnished all the necessary particulars to the Registrar of Companies, Rajasthan, as required by the Act.
- Issued all notices required to be given for convening of Board/Committee Meetings and General Meeting, within the time limit prescribed by law.
- Conducted the Board/Committee Meetings and Annual General Meeting as per the requirement of the Act.
- Complied with all the requirements relating to the minutes of the proceedings of the meeting of the Directors/Committee and the Shareholders.
- The Company closed its Register of Members from 14 August, 2008 to 20 August, 2008 (both days inclusive) during the financial year.
- 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.
- The Company had constituted the Audit Committee as required under section 292A of the Act.
- 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.
- Made due disclosure required under the Act.

For V.M. & Associates
Company Secretaries

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

Place: Jaipur
Date: 22 April 2009

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 utilised 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 the Company is progressing to fulfil 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 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 decentralised decision making.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the listing agreement of the Stock Exchanges. Hindustan Zinc has adopted 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 Hindustan Zinc'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 fulfilment. 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 2009 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 up to five Directors whereas 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 including the Chairman 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. HINDUSTAN ZINC LIMITED is also compliant with a 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 do not count towards this limit.

All 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 reappointment. 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 12.

Number of Board Meetings

The Board of Directors met four times during the year on 24 April 2008, 24 July 2008, 21 October 2008, and 21 January 2009. 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.

Directors' Attendance Record and Directorships Held

As mandated by the Clause 49, none of the Directors are members of more than ten Board level committees nor are they Chairman of more than five committees in which they are members. The composition of Board of Directors during the year 2008–09 is given in Table 1.

Table 1: Composition of the Board of Directors

Name of Director	Relationship with other Directors	Category	Number of meetings held	Number of meetings attended	Whether attended last AGM	Number of outside Directorships of public companies	Number of Committee Memberships ⁹	Number of Chairmanships of Committees ⁹
Mr Agnivesh Agarwal, Chairman	Son of Mr Anil Agarwal	Non-executive	4	1	No	2	–	–
Mr MS Mehta	None	Executive	4	4	Yes	3 ¹⁰	–	–
Ms Ajita Bajpai Pande ⁸	None	Independent	4	2	No	3	–	–
Mr Sanjiv Kumar Mittal ⁸	None	Independent	4	3	No	3	–	1
Mr AK Singh ^{1,8}	None	Independent	4	3	No	2	–	–
Mr NK Shukla ^{3,8}	None	Independent	3	3	Yes	–	–	–
Mr Anil Agarwal ⁴	Father of Mr Agnivesh Agarwal	Non-executive	4	0	No	11 ¹⁰	–	–
Mr Navin Agarwal	Brother of Mr Anil Agarwal	Non-executive	4	4	No	10 ¹⁰	2	–
Mr Tarun Jain ⁴	None	Independent	4	3	Yes	8 ¹⁰	4	–
Mr KK Kaura ²	None	Non-executive	3	3	Yes	6 ¹⁰	1	–
Mr Akhilesh Joshi ⁵	None	Executive	1	1	No	–	–	–
Mr G Srinivas ^{6,8}	None	Independent	0	0	No	2	–	–
Mr AR Narayanaswamy ⁷	None	Independent	0	0	No	2	1	3

Notes:

- 1 Ceased to be a Director W.e.f 30 January 2009.
- 2 Ceased to be a Director W.e.f 22 October 2008.
- 3 Ceased to be a Director W.e.f 27 October 2008.
- 4 Ceased to be a Director W.e.f. 30 March, 2009 .
- 5 Appointed as Executive Director W.e.f 21 October, 2008.
- 6 Appointed as Director W.e.f 30 January, 2009.
- 7 Appointed as Director W.e.f. 30 March, 2009.
- 8 Nominees of Government of India.
- 9 Only Audit Committee and Shareholder Grievance Committee.
- 10 Include foreign companies. Mr Anil Agarwal – 5, Mr Navin Agarwal – 3, Mr MS Mehta – 1, Mr Tarun Jain – 3 and Mr KK Kaura – 4.

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, 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.

Corporate Governance Report continued

- 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 Paid to Directors

None of the Non-executive Directors draws any remuneration other than 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 in its meeting held on 21 January 2009, which is subject to the shareholders approval at the forthcoming Annual General Meeting. The details of managerial remuneration are given in Schedule 18 of the annual report.

Table 2 A: Sitting fee paid to Directors for 2008-09 (Rs)

Name of Director	Category	Sitting fees ¹
Mr Agnivesh Agarwal, Chairman	Non-executive	20,000
Mr MS Mehta	Executive	–
Ms Ajita Bajpai Pande	Independent	–
Mr Sanjiv Kumar Mittal	Independent	–
Mr AK Singh	Independent	–
Mr NK Shukla	Independent	–
Mr Anil Agarwal	Non-executive	–
Mr Navin Agarwal	Non-executive	80,000
Mr Tarun Jain	Independent	100,000
Mr KK Kaura	Non-executive	90,000
Mr G Srinivas	Independent	–
Mr AR Narayanaswamy	Independent	–
Mr Akhilesh Joshi	Executive	–

¹ Includes sitting fees for Board Meetings at (Rs 20,000 per meeting) and committee meetings (Rs 10,000 per meeting).

Table 2 B: Remuneration reimbursed/paid to Executive Directors for 2008–09 (Rs)

Name of Director	Category	Salary and Perquisites	Cont to PF, pension and gratuity	Stock option of holding company	Total (Rs)
Mr MS Mehta	Whole-time Director	13,814,409	927,936	559,502	15,301,847
Mr Akhilesh Joshi ¹	COO and Whole-time Director	2,726,102	86,546	123,643	2,936,291

¹ Part of the year (w.e.f. 21 October 2008).

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 2008–09, 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.hzindia.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:

a) Audit Committee

As on 31 March 2009, the Audit Committee comprises three Directors, out of which the majority are government Directors. After the cessation of Mr KK Kaura, Mr NK Shukla and Mr Tarun Jain as members of the Committee, the Committee was reconstituted with the following members namely – Ms Ajita Bajpai Pande, Mr Sanjiv Kumar Mittal, and Mr AR Narayanaswamy. Mr AR 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 24 April 2008, 24 July 2008, 21 October 2008, and 20 January 2009. The details of the Audit Committee are given in Table 3.

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

Name of the Member	Position	Status	Number of meetings held	Number of meetings attended	Sitting fees (Rs)
Mr NK Shukla ¹	Chairman	Independent	3	3	–
Mr Sanjiv Kumar Mittal	Member	Independent	4	3	–
Mr KK Kaura ²	Member	Non-executive	3	2	20,000/-
Mr Tarun Jain ³	Member	Independent	4	3	30,000/-
Ms Ajita Bajpai Pande ⁴	Member	Independent	1	1	–
Mr AR Narayanaswamy ⁵	Chairman	Independent	–	–	–

1 Ceased to be a member of the Committee from 27 October 2008.

2 Ceased to be a member of the Committee from 22 October 2008.

3 Ceased to be a member of the Committee from 30 March 2009.

4 Appointed as member of the Committee w.e.f. 30 December 2008.

5 Appointed as member/Chairman w.e.f. 31 March 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. Ernst & Young) 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 then Chairman of the Audit Committee Mr NK Shukla attended the Annual General Meeting (AGM) held on 21 August 2008 to answer shareholder queries.

Corporate Governance Report continued

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 thereof.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing the functioning of the Whistle Blower mechanism.
- 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 24 July 2008 and 22 January 2009.

After the cessation of Mr KK Kaura who was the member of the Committee, the Committee was reconstituted with the following members namely – Ms Ajita Bajpai Pande, Mr MS Mehta and Mr Tarun Jain.

Since then Mr Tarun Jain had also ceased to be member of the Committee, and the Board had now nominated Mr AR Narayanaswamy as member of the Shareholders'/Investors' Grievance 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	Number of meetings held	Number of meetings attended	Sitting fees (Rs)
Ms Ajita Bajpai Pande	Chairman	Independent	2	1	–
Mr KK Kaura ¹	Member	Non-executive	1	1	10,000/–
Mr Tarun Jain ²	Member	Independent	2	1	10,000/–
Mr MS Mehta ³	Member	Executive	1	1	–

1 Ceased to be a member w.e.f. 22 October 2008.

2 Ceased to be a member w.e.f. 30 March 2009.

3 Appointed as a member w.e.f. 30 December 2008.

The matters, if any, requiring the 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 2008–09 is given in Table 5.

Table 5: Nature of complaints received and attended to during 2008–09

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.	9
2. Number of complaints resolved.	9
3. Number of complaints not resolved to the satisfaction of the investors as at 31 March 2009.	NIL
4. Complaints Pending as at 31 March 2009.	NIL
5. Number of Share Transfers pending for approval as at 31 March 2009.	NIL

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

Management

Management Discussion and Analysis

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

Disclosures

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 in Notes 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. 12 (b) in compliance of Clause 32 of the Listing Agreement and Accounting Standard 18.

Corporate Governance Report continued

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 MS Mehta, Mr Sanjiv Kumar Mittal and Mr Navin Agarwal would retire this year and, being eligible, have offered themselves for reappointment. A brief profile of all three of them follows.

1 Mr MS Mehta

Mr Mahendra Singh Mehta is presently Whole-time Director of the Company and was appointed on the Board with effect from 15 November 2005. Mr Mehta joined the Sterlite Industries (India) Limited in the year 2000, he was the Commercial Director (Base Metals) responsible for the marketing of copper, aluminium, 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.

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

He is also on the Board of the following companies

Sl No	Name of the Company
1	Talwandi Saboo Power Limited
2	Vedanta Resources Plc

2 Mr Sanjiv Kumar Mittal

Mr Sanjiv Kumar 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 on the Board of the following companies.

Sl No	Name of the Company
1	Bharat Aluminium Company Limited
2	Hindustan Copper Limited
3	Coal India Limited

3 Mr Navin Agarwal

Mr Navin Agarwal, is Executive-Vice Chairman of Vedanta Resources plc was appointed to our Board of Directors on 11 April 2002.

Mr Agarwal has vast 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.

He is also on the Board of the following companies:

Sl No	Name of the Company
1	Bharat Aluminium Company Limited
2	The Madras Aluminium Company Limited
3	Sterlite Industries (India) Limited
4	Sterlite Paper Limited
5	Sterlite Iron & Steel Company limited
6	Sterlite Energy Limited
7	Vedanta Aluminium Limited
8	Konkola Copper Mines Plc
9	Vedanta Resources Plc UK
10	Finsider International Company Limited
11	Sterlite Infrastructure Holdings Private Limited
12	Sterlite Infrastructure Private Limited

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.hzindia.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 2008–09

Description	Date
Unaudited Financial Results for the quarter ended on 30 June, 2008	24 July 2008
Unaudited Financial Results for the quarter/half year ended on 30 September, 2008	21 October 2008
Unaudited Financial Results for the quarter/Nine months ended on 31 December, 2008	21 January 2009
Audited Financial Results for the quarter/year ended on 31 March, 2009	22 April 2009

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.sebidifar.nic.in.

In addition to this, if there is any other announcement affecting the 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
16 September 2006	40th AGM	Yashad Bhawan, Udaipur, Rajasthan	4.00 P.M.
21 September 2007	41st AGM	Yashad Bhawan, Udaipur, Rajasthan	4.00 P.M.
21 August 2008	42nd AGM	Yashad Bhawan, Udaipur, Rajasthan	3.30 P.M.

There were no special resolutions passed in the previous three AGMs. However two special businesses are proposed for approval of the shareholders in the 43rd 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. The Company has complied fully with the requirements of the regulatory authorities on capital markets. There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor has any penalty or stricture been imposed on the Company by the stock exchanges, SEBI or any other statutory authority.

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, and remuneration paid to the Whole-time Director is approved by the Board itself and hence no separate remuneration committee had been formed.

c) Half-yearly Declaration

A half-yearly declaration of financial performance including summary of the significant events in the 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.hzindia.com

Corporate Governance Report continued

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 formalised 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 9. The Company is compliant with these standards even as it is recommendatory in nature.

Additional Shareholder Information

Annual General Meeting

Date: 7 August 2009
Time: 3.30pm
Venue: Yashad Bhawan, Udaipur

Financial Calendar

Financial year: 1 April to 31 March
For the year ended 31 March 2009, results were announced on:

- 24 July 2008 – First Quarter
- 21 October 2008 – Second Quarter and Half Yearly
- 21 January 2009 – Third Quarter and Nine Months
- 22 April 2009 – Fourth Quarter and Annual

For the year ending 31 March 2010, results will be announced by

- End July 2009 – First Quarter
- End October 2009 – Second Quarter and Half Yearly
- End January 2010 – Third Quarter and Nine Months
- End April 2010 – Fourth Quarter and Annual

Book Closure

The dates of book closure are from 31 July 2009 to 6 August 2009, inclusive of both days.

Dividend

Dividend of Rs 4/- per equity share will be paid on or after 13 August 2009, subject to approval by the shareholders at the Annual General Meeting.

Listing

At present, the equity shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai (BSE), and the National Stock Exchange of India Limited. The annual listing fees for the financial year 2008–09 to NSE and BSE has been paid.

Table 1: Hindustan Zinc's Stock Exchange Codes

Name of the Stock Exchange	Stock Code
The National Stock Exchange of India Limited, Mumbai	
HINDZINCBombay Stock Exchange Limited, Mumbai	500188

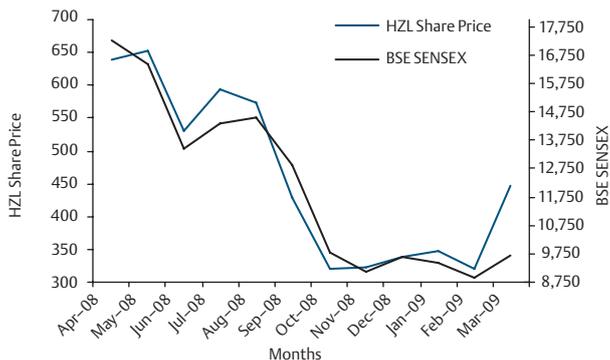
Stock Market Data

Table 2: High, Lows and Volumes of Company's Shares for 2008–09 at BSE and NSE

	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2008	688.70	501.00	969,519	688.00	505.15	1,690,253
May 2008	763.20	618.00	2,730,608	762.90	551.70	4,300,398
June 2008	671.00	509.00	777,046	720.00	505.00	1,696,223
July 2008	606.85	462.50	1,642,074	606.40	460.00	2,259,210
August 2008	615.00	542.00	574,584	635.50	541.75	999,021
September 2008	593.50	421.00	1,938,039	596.40	406.30	1,086,749
October 2008	439.95	215.00	940,996	445.00	217.15	1,919,340
November 2008	390.00	285.00	906,043	394.10	285.10	2,195,376
December 2008	350.00	296.10	1,022,773	358.00	299.15	816,523
January 2009	446.00	319.00	1,269,695	446.00	321.00	2,562,091
February 2009	352.00	303.20	2,797,280	350.00	308.00	3,915,980
March 2009	461.00	318.00	831,495	460.90	318.10	2,172,619

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 2009.

Table 3: Shareholding Pattern by Size on 31 March 2009

No. of equity shares	Number of shareholders	Percentage of shareholders	Number of shares held	Percentage of share-holding
Up to 500	43,837	94.93	2,969,322	0.70
501-1,000	1,179	2.55	960,157	0.23
1,001-2,000	631	1.37	962,493	0.23
2,001-3,000	173	0.37	437,673	0.10
3,001-4,000	72	0.16	257,564	0.06
4,001-5,000	59	0.13	271,398	0.06
5,001-10,000	98	0.21	694,513	0.16
10,001-20,000	42	0.09	625,446	0.15
20,001-30,000	17	0.04	427,215	0.10
30,001-40,000	7	0.02	243,923	0.06
40,001-50,000	6	0.01	277,532	0.07
50,001-100,000	17	0.04	1,205,010	0.29
100,001 and above	38	0.08	413,199,654	97.79
Total	46,176	100	422,531,900	100

Table 4: Shareholding Pattern by Ownership as on 31 March 2009

Category	Number of shares held	Percentage of shareholding
A. Promoter's holding		
1 Promoters		
Sterlite Opportunities and Ventures Limited	274,315,431	64.9218
Sub-Total	274,315,431	64.9218
B. Non-Promoters Holding		
Institutional Investors		
a. Mutual Funds and UTI	6,108,471	1.4457
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	2,205,468	0.5220
c. FIs	6,005,330	1.4213
Sub-Total	14,319,269	3.3890
Others		
a. Private Corporate Bodies	2,962,030	0.7010
b. Indian Public	5,800,242	1.3727
c. NRIs/OCBs	201,074	0.0476
d. NRI company	14,400	0.0034
e. Bank Foreign	1,000	0.0002
f. Any other	123,395	0.0292
g. GOI - President of India	124,795,059	29.5351
Sub-Total	133,897,200	31.6892
GRAND – TOTAL	422,531,900	100.0000

Dematerialisation of Shares

The shares of the Company are compulsory traded in dematerialised form only. The Company's shares are available for trading in the depository system of both NSDL and CDSL. As on 31 March 2009, 297,389,254 equity shares forming 70.38% of the share capital of the Company stand dematerialised. 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. Accordingly it has been included in the futures and options (F&O) category. The market lot for the same is 250 shares.

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

Dematerialisation and electronic connectivity services have been entrusted to:

Address:**M/s. Sharepro Services**

Satam Estate, 3rd 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. 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 dematerialisation of shares are processed and the confirmation is given by the Registrar and Transfer Agents to the depositories generally within 15 days. Bulk dematerialisation requests are processed and confirmed within 30 days of receipt to NSDL and CDSL.

Company's Registered Office Address:

Hindustan Zinc Limited
Yashad Bhawan
Udaipur – 313004
Rajasthan

Plant Locations

Mining Units

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

Smelting Units

Zinc Smelter Debari	Udaipur District (Rajasthan)
Chanderiya Lead Zinc Smelter	Chittorgarh District (Rajasthan)
Zinc Smelter Vizag	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 SL 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.

SL Bajaj
Chief Financial officer

Akhilesh Joshi
COO & Whole-time Director

Place: Mumbai
Date: 22 April 2009

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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 2009, 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

Shyamak R Tata
Partner
M. No. 38320

Place: Mumbai
Date: 11 May 2009

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 31 March 2009, 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 15 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 for the year being lower by Rs 4.67 crores (2008: Rs 4.67 crores), investments being lower by Rs 98.41 crores (2008: Rs 98.41 crores), fixed assets being higher by Rs 60.70 crores (2008: Rs 65.37 crores) and reserves and surplus being lower by Rs 37.71 crores (2008: Rs 33.04 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 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 16 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 read with notes 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 31 March 2009;
 - 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 31 March 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2009 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R Tata
Partner
M. No. 38320

Place: Mumbai
Date: 22 April 2009

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Annexure to Auditors Report

(Referred to in paragraph 3 of Auditors' Report of even date)

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), (xiv), (xv), (xvi), (xviii), (xix), (xx) of Companies (Auditors' Report) Order 2003, are not applicable to the Company and we state that.

1. 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 Company has a phased program of physical verification of its fixed assets in a three year period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such program, the management has physically verified the fixed assets and 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.
2. In respect of its inventories:
 - i. Inventory has been physically verified by the management during the year.
 - 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 are reasonable and adequate in relation to the size of Company and the nature of its business.
 - iii. In our opinion, the Company has maintained proper records of its inventories. The discrepancies were noticed on verification between the physical stock and the book records were not material having regard to the size of the operation of the Company.
3. There is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of books and records of the Company we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedure.
4. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
5. 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.
6. According to the information and explanations given to us, and the records of the Company examined by us:
 - i. The Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues.
 - ii. Disputed sales tax, excise duty, and Income-tax dues aggregating to Rs 20.66 crores, Rs 43.26 crores and Rs 342.09 crores respectively, have not been deposited since the matters are pending with the relevant forum as per annexure 'A' attached.
7. The Company has not defaulted in repayment of dues to financial institutions and banks.
8. On an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
9. To the best of our knowledge and belief and according to the information and explanation given to us, no significant fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R Tata
Partner

M. No. 38320

Place: Mumbai

Date: 22 April 2009

Annexure A

Statement of unpaid disputed statutory dues annexed to Auditors' Report

Name 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 2004-05.	20.66	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-product, duty on valuation and storage/handling losses for financial year 1988-89 to 2008-09.	43.26	CESTAT, Commissioner (Appeals) and High Court/Supreme Court.
(c) Income tax			
Company's appeals:			
Assessment year			
2006-07 to 2007-08	Disputes in respect appeals pending before CIT(A) for disallowance by Assessing Officers on various disallowances of expenses and reliefs etc. in computation.	83.44	Commissioner of Income Tax (Appeal)
Department's appeals:			
Assessment year			
1989-90 to 1992-93; 1994-95 to 2003-04	Relief granted by CIT(A) for difference in computation, allowances of certain expenses and enhancement of rebate, etc.	199.49	Tribunal
1990-91 to 1996-97	Relief granted by tribunal for difference in computation, allowances of certain expenses and enhancement of rebate, etc.	59.16	High Court/Supreme Court
		342.09	

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Balance Sheet

As at 31 March 2009

	Schedule	(Rs in crore)		
		2009		2008
SOURCES OF FUNDS				
Shareholders' funds				
Capital	1	422.53		422.53
Reserves and surplus	2	13,935.05	14,357.58	11,425.66
				11,848.19
Loan funds				
Secured Loans	3	8.30		–
Unsecured Loans		0.39	8.69	0.39
				0.39
Deferred tax liability (net)			558.86	459.68
TOTAL			14,925.13	12,308.26
APPLICATION OF FUNDS				
Fixed assets				
Gross block	4	5,855.51		5,181.80
Less : Depreciation		(1,750.59)		(1,484.64)
Net block		4,104.92		3,697.16
Capital work in progress (includes advances)		1,108.39	5,213.31	465.46
				4,162.62
Investments				
Current assets, loans and advances	5		6,928.87	6,332.45
Inventories	6	545.66		518.10
Sundry debtors	7	164.94		443.66
Cash and bank balances	8	2,719.15		1,362.78
Other current assets	9	40.83		3.00
Loans and advances	10	313.32		384.09
				384.09
		3,783.90		2,711.63
Less: Current liabilities and provisions				
Current liabilities	11	802.82		774.86
Provisions		198.13		123.58
				123.58
		1,000.95		898.44
Net current assets			2,782.95	1,813.19
TOTAL			14,925.13	12,308.26
Notes	18			

Schedules 1 to 18 form integral part of accounts.

In terms of our report of even date

For and on behalf of the Board of Directors

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: 22 April 2009
Place: Mumbai

SL Bajaj
Chief Financial Officer

R Pandwal
Company Secretary

Profit and Loss Account

For the year ended 31 March 2009

Schedule	(Rs in crore)	
	2009	2008
INCOME		
Sales	6,141.47	8,736.91
Less: Excise	(461.20)	(859.14)
Other income	931.23	851.63
Total	6,611.50	8,729.40
EXPENDITURE		
Mining and manufacturing	2,294.28	1,813.17
(Accretion)/Decretion of stock	(24.38)	59.11
Employees' remuneration and benefits	364.89	308.19
Administrative and selling	311.32	318.91
Finance	21.88	24.17
Depreciation	285.27	220.51
Total	3,253.26	2,744.06
PROFIT BEFORE TAX		
Provision for tax – Current	550.00	1,545.07
– Prior year	(32.42)	(79.69)
– Deferred	109.73	122.01
– Fringe benefit	3.32	1.88
PROFIT AFTER TAX	2,727.61	4,396.07
Balance being surplus brought forward	4,619.41	970.50
PROFIT AVAILABLE FOR APPROPRIATION	7,347.02	5,366.57
APPROPRIATION		
Dividend		
Final	169.01	105.63
Interim	–	105.63
Corporate dividend tax	28.73	35.90
General reserve	500.00	500.00
Balance being surplus carried forward	6,649.28	4,619.41
	7,347.02	5,366.57
Basic and diluted earnings per share (in Rs)		
Notes	64.55	104.04

Schedules 1 to 18 form integral part of accounts

In terms of our report of even date

For and on behalf of the Board of Directors

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: 22 April 2009
Place: Mumbai

SL Bajaj
Chief Financial Officer

R Pandwal
Company Secretary

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Cash Flow Statement

For the year ended 31 March 2009

	(Rs in crore)	
	2009	2008
(A) CASH FLOW FROM/USED IN OPERATING ACTIVITIES :		
Net profit before tax	3,358.24	5,985.34
Adjustments for :		
Depreciation and amortisation	285.75	222.32
Interest and finance charges	21.88	24.17
Interest and dividend earned	(636.16)	(228.51)
Mark to Market adjustment on financial instruments	(98.60)	(21.83)
Provision for expenses written back	(8.15)	(148.12)
Profit on sale of fixed asset (net)	(1.61)	(1.25)
Profit on sale of current investment (net)	(54.68)	(391.34)
Operating profit before working capital changes	2,866.67	5,440.78
Changes in working capital		
Inventories	(27.56)	(18.82)
Sundry Debtors	278.72	112.96
Loans and Advances	70.77	(79.92)
Current Liabilities	44.73	135.34
Cash generated from operations	3,233.33	5,590.34
Income taxes paid during the year	(520.66)	(1,528.78)
Net cash generated from operating activities	2,712.67	4,061.56
(B) CASH FLOW FROM/USED IN INVESTING ACTIVITIES :		
Purchase of fixed assets	(1,379.25)	(1,368.62)
Interest and dividend received	598.33	226.19
Fixed deposits placed with banks	(2,700.00)	(500.00)
Fixed deposits with banks – repaid	500.00	0.30
Purchase of investments	(21,958.65)	(24,150.89)
Sale of investment	21,515.52	22,744.19
Sale of fixed assets	4.91	1.96
Net cash used in investing activities	(3,419.14)	(3,046.87)
(C) CASH FLOW FROM/USED IN FINANCING ACTIVITIES :		
Proceeds from borrowings	8.30	–
Interest and finance charges paid	(21.88)	(24.08)
Dividend and tax thereon paid	(123.58)	(247.23)
Net cash used in financing activities	(137.16)	(271.31)
Net increase in cash and cash equivalents	(843.63)	743.38
Cash and cash equivalents at the end of the year	19.15	862.78
Cash and cash equivalents at the beginning of the year	862.78	119.40
	(843.63)	743.38
Cash and cash equivalents at the end of the year	19.15	862.78
Fixed deposit with banks with maturity of three months and above	2700.00	500.00
Cash and Bank balance as per schedule 8	2,719.15	1,362.78

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

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: 22 April 2009
Place: Mumbai

SL Bajaj
Chief Financial Officer

R Pandwal
Company Secretary

Schedule Annexed to and Forming Part of the Accounts

For the year ended 31 March 2009

1. Capital

	(Rs in crore)	
	2009	2008
Authorised		
500,000,000 (2008: 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 (2008: 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 (2008: 21,370,000) equity shares of Rs 10/- each allotted for consideration other than cash.
 (b) 274,315,431 (2008: 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 (SIL)) and the ultimate holding company is Vedanta Resources Plc, United Kingdom (VRP). SIL and VRP do not hold any shares in the company.

2. Reserves and surplus

	(Rs in crore)	
	2009	2008
Capital reserve		
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	6,805.71	6,233.42
Add: Adjustments (Net of tax) arising due to early adoption of Accounting Standard 30 issued by ICAI (Refer Note 16 of Schedule 18)	–	72.29
Add: Transferred from profit and loss account	500.00	500.00
	7,305.71	6,805.71
Hedging Reserves		
As per last balance sheet	(0.07)	–
Transferred during the year	(31.06)	0.55
Less: Deferred tax provided	10.58	(0.62)
	(20.55)	(0.07)
Profit and loss account – surplus	6,649.28	4,619.41
	13,935.05	11,425.66

3. Loan funds

	(Rs in crore)	
	2009	2008
Secured loans		
From Banks	8.30	–
(Working capital loan secured by a pledge of investment in mutual funds)		
Unsecured loans		
From other than Banks	0.39	0.39
	8.69	0.39

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For the year ended 31 March 2009

4. Fixed assets

(Rs in crore)	Gross block (at cost)					Net gross block as at 31.03.2009
	As at 31.03.2008	Additions	Deduction/ Adj	As at 31.03.2009	Adjustment for grant	
Land (including development expenditure)						
Free-hold	13.69	1.40	–	15.09	–	15.09
Lease-hold	11.45	34.86	0.13	46.18	–	46.18
Buildings and roads ¹	301.02	55.74	1.79	354.97	0.25	354.72
Mine Development expenditure	59.88	–	–	59.88	–	59.88
Railway sidings, locomotives and wagons	8.45	0.09	–	8.54	–	8.54
Plant and machinery	4,605.76	585.25	18.54	5,172.47	14.11	5,158.36
Other equipments	73.77	16.23	1.64	88.36	2.04	86.32
Intangible asset						
Investment in Shares	98.41	–	–	98.41	–	98.41
Computer Software	2.58	0.63	–	3.21	–	3.21
Furniture and fittings	12.57	1.47	–	14.04	–	14.04
Vehicles	8.39	0.93	0.49	8.83	–	8.83
Assets retired from active use	2.23	–	0.30	1.93	–	1.93
Total	5,198.20	696.60	22.89	5,871.91	16.40	5,855.51
Previous year (total)	3,516.19	1,690.16	8.15	5,198.20	16.40	5,181.80

¹ Buildings includes Rs 1.03 (2008: Rs 1.03) crores where bifurcation of the cost between land and building is not ascertained.

(Rs in crore)	Depreciation/amortisation				Net block	
	Upto 31.03.2008	Provided during the year	Deductions/ Adjustment	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Land (including development expenditure)						
Free-hold	–	–	–	–	15.09	13.69
Lease-hold	–	–	–	–	46.18	11.45
Buildings and roads	50.70	8.56	0.52	58.74	295.98	250.07
Mine Development expenditure	59.88	–	–	59.88	–	–
Railway sidings, locomotives and wagons	6.19	0.38	–	6.57	1.97	2.26
Plant and machinery	1,286.15	264.52	16.91	1,533.76	3,624.60	3,305.50
Other equipments	33.46	5.71	1.32	37.85	48.47	38.27
Intangible asset						
Investment in Shares	33.04	4.67	–	37.71	60.70	65.37
Computer Software	1.70	0.50	–	2.20	1.01	0.88
Furniture and fittings	6.36	0.67	0.19	6.84	7.20	6.21
Vehicles	5.04	0.52	0.36	5.20	3.63	3.35
Assets retired from active use	2.12	0.01	0.29	1.84	0.09	0.11
	1,484.64	285.54	19.59	1,750.59	4,104.92	3,697.16
Previous year (total)	1,264.19	227.89	7.44	1,484.64	3,697.16	2,235.60
Capital work in progress					797.77	292.66
Advance towards capital goods and services considered good					310.62	172.80
Total					5,213.31	4,162.62

4. Fixed assets continued

* Depreciation provided has been accounted for as under:

	2009	2008
Profit and loss account	285.27	220.51
Expenditure on mine development	–	1.53
Capitalised in fixed asset	–	5.59
Research and development expenditure	0.27	0.26
	285.54	227.89

100% depreciation has been charged on following assets:

	2009	2008
– Plant and machinery and vehicles	0.16	0.26
– Furniture and fixtures	0.13	0.12
Cumulative	7.41	7.12

5. Investments – Non trade and unquoted unless stated otherwise

Long term investments – at cost

In fully paid-up equity shares (trade investment)	Face value (in Rs)	Total number of shares	Value as at 31.03.2009	Total number of shares	Value as at 31.03.2008
Madanpur South Coal Company Limited	10	151062	1.81	130001	1.39

Current investment – at Fair Value through profit or loss

In mutual funds	Face value (in Rs)	Total number of units	Market value as at 31.03.2009	Total number of units	Market value as at 31.03.2008
Birla Fixed Term Plan – Series AD	10	18000000	20.22	18000000	18.57
Birla Fixed Term Plan – Series AE	10	10000000	11.18	10000000	10.31
Birla Fixed Term Plan – Series AJ*	10	10000000	11.11	10000000	10.19
Birla Fixed Term Plan – Series AN*	10	100000000	110.22	100000000	100.67
Birla Fixed Term Plan – Series BD – IP	10	100000000	106.99	–	–
Birla Sun life Floating Rate Fund Long Term – IP	10	99979004	100.11	–	–
Birla Sun life Medium Term Fund – IP	10	200000000	200.23	–	–
Birla Sun life Savings Fund IP – Growth	10	207883968	345.79	–	–
DSP Blackrock FMP 12 Months Series 3	10	40000000	42.70	–	–
DSP Blackrock FMP 13 Months Series 1	10	45000000	49.73	45000000	45.17
DSP Blackrock FMP 18 Months Series 1	10	15000000	17.10	15000000	15.61
DWS Fixed Term Fund – Series– 41	10	15000000	16.68	15000000	15.45
DWS Ultra Short Term Fund – Super IP – Growth	10	153245716	158.01	–	–
HDFC Cash management Fund –Treasury Advantage Plan – Growth	10	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	68108756	100.42	–	–
HSBC Fixed Term Series 44	10	15000000	16.51	15000000	15.07
ICICI Prudential Fixed Maturity Plan Series 41	10	10000000	11.26	10000000	10.26
ICICI Prudential Fixed Maturity Plan Series 42 Sixteen Months Plan	10	15000000	16.70	15000000	15.16
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 Interval Fund IV Quarterly Plan B IP	10	50000000	50.07	–	–
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	30000000	30.21
IDFC Fixed Maturity Plan – Yearly Series 19 – Plan B	10	35000000	38.58	35000000	35.13
IDFC Liquid Plus Treasury Plan C IP – Growth	10	419021984	435.62	–	–
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	30000000	30.10
Kotak FMP 13 M Series 5 IP	10	50000000	50.10	–	–
Kotak FMP 14 M Series 3	10	25000000	27.38	25000000	25.23
Kotak FMP 14 M Series 4	10	20000000	21.81	20000000	20.14
Kotak Quarterly Interval Plan Series 2 IP	10	70000000	70.09	–	–
Principal PNB Fixed Maturity Plan 460 Days Series IV	10	8000000	8.83	8000000	8.05
Reliance Fixed Horizon Fund – IV Series VI	10	20000000	22.55	20000000	20.64
Reliance Fixed Horizon Fund – VII Series I	10	15000000	16.67	15000000	15.23
Reliance Fixed Horizon Fund – VII Series III *	10	50000000	55.21	50000000	50.40
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	100.04	–	–
Reliance Fixed Horizon Fund – XII Series 4 Super IP	10	450000000	450.18	–	–
Reliance Medium Term Fund – Growth	10	87035854	158.14	–	–
Religare FMP–15 Months – Series II	10	10001712	11.09	10001712	10.23
SBI SDFS 13 Months – 10 IP	10	150000000	150.00	–	–
SBI SDFS 13 Months – 9 IP	10	95000000	95.33	–	–
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 Investment Plan 2 Scheme A IP	10	15000000	16.20	–	–
Tata Floater Fund – Growth	10	256550062	335.42	–	–
Templeton Fixed Horizon Fund – Series XI Plan C IP	10	20000000	21.13	–	–
UTI Fixed Income Interval Fund – Monthly Interval Plan – I	10	75000000	75.09	–	–

Schedule Annexed to and Forming Part of the Accounts continued

For the year ended 31 March 2009

5. Investments – Non trade and unquoted unless stated otherwise Current investment – at Fair Value through profit or loss continued

In mutual funds	Face value (in Rs)	Total number of units	Market value as at 31.03.2009	Total number of units	Market value as at 31.03.2008
UTI Fixed Maturity Plan Yearly Series March 2009 IP	10	40000000	40.06	–	–
UTI Treasury Advantage Fund – IP – Growth	1,000	6188596	728.52	–	–
Birla Fixed Term Plan – Series AA	10	–	–	20000000	21.10
Birla Fixed Term Plan – Series AB	10	–	–	25000000	26.32
Birla Fixed Term Plan – Series AC	10	–	–	50000000	5.20
Birla Fixed Term Plan Series O	10	–	–	40000000	44.52
Birla Fixed Term Plan Series R	10	–	–	20000000	22.21
Birla Fixed Term Plan Series S	10	–	–	23000000	25.58
Birla Fixed Term Plan Series T	10	–	–	200000000	222.06
Birla Fixed Term Plan Series U	10	–	–	42000000	46.66
Birla Fixed Term Plan Series X	10	–	–	15000000	16.09
Birla Sun Life Interval Income Fund – Quarterly Plan Series I	10	–	–	35202231	35.29
Birla Sun Life Interval Income Fund – Quarterly Plan Series III	10	–	–	101576114	101.77
Birla Sun Life Savings Fund IP	10	–	–	89451357	89.51
DBS Chola Fixed Maturity Plan Series6	10	–	–	30000000	32.81
DSP Blackrock Fixed Term Plan Series 3 E	10	–	–	750000	83.00
DSP Blackrock FMP 3 Months Series 6	10	–	–	20000000	20.08
DSP Blackrock FTP Series 3 H	1,000	–	–	100000	10.37
DSP Blackrock Liquid Plus Fund – IP	1,000	–	–	153837	15.39
DWS Fixed Term Fund – Series – 20	10	–	–	15000000	16.86
DWS Fixed Term Fund – Series – 24	10	–	–	100000000	111.08
DWS Fixed Term Fund – Series – 25	10	–	–	25000000	27.64
DWS Fixed Term Fund – Series – 32	10	–	–	7000000	7.63
DWS Fixed Term Fund – Series – 35	10	–	–	21664400	22.74
DWS Fixed Maturity Plan – Series 21	10	–	–	35000000	38.83
Fidelity Liquid Plus Super Inst	10	–	–	10007859	10.01
Fortis Fixed Term Plan – Series 8 – Yearly Plan A	10	–	–	10000000	10.75
Fortis Fixed Term Plan – Series 8 – Yearly Plan D	10	–	–	32439600	34.28
Fortis Fixed Term Plan – Series 8 – Yearly Plan E	10	–	–	25000000	26.13
Fortis Fixed Term Plan – Series 5	10	–	–	10000000	11.13
Fortis Flexible Short Term Plan – Series B	10	–	–	36642373	36.93
HDFC Fixed Maturity Plan 14 M March 2007	10	–	–	107000000	119.09
HDFC Fixed Maturity Plan 15 M March 2007	10	–	–	45000000	50.06
HDFC Fixed Maturity Plan 18 M Oct 2006	10	–	–	25000000	28.07
HDFC Cash management Fund – Treasury Advantage Plan	10	–	–	65712733	65.92
HDFC Fixed Maturity Plan 367 Days August 2007	10	–	–	15000000	15.79
HDFC Fixed Maturity Plan 367 Days September 2007	10	–	–	5000000	5.22
HDFC FMP 367 D June 2007	10	–	–	5000000	5.36
HSBC Fixed Term Series 32	10	–	–	10000000	10.68
HSBC Fixed Term Series 36	10	–	–	40000000	41.78
HSBC Fixed Term Series 21	10	–	–	20000000	22.25
HSBC Fixed Term Series 25	10	–	–	50000000	55.53
HSBC Fixed Term Series 27	10	–	–	15000000	16.65
ICICI Prudential Fixed Maturity Plan Series 38 One Year Plan D	10	–	–	10000000	10.32
ICICI Prudential Flexible Income Plan	10	–	–	98268007	103.90
ICICI Prudential Fixed Maturity Plan Series 35 – 13 Months Plan	10	–	–	150000000	166.68
ICICI Prudential Fixed Maturity Plan Series 35 One Year Plan	10	–	–	25000000	27.50
ICICI Prudential Fixed Maturity Plan Series 37 – 14 Months Plan	10	–	–	35000000	38.74
ICICI Prudential Fixed Maturity Plan Series 34 – 15 Months Plan	10	–	–	50000000	56.17
ICICI Prudential Interval Fund – Annual Interval Plan II	10	–	–	50000000	52.11
ICICI Prudential Interval Fund – Annual Interval Plan III	10	–	–	20000000	20.72
ICICI Prudential Interval Fund II Quarterly Interval Plan C	10	–	–	101683345	101.79
ICICI Prudential Interval Fund II Quarterly Interval Plan E IP	10	–	–	25000000	25.12
IDFC Fixed Maturity Plan – Yearly Series 3	10	–	–	40000000	44.44
IDFC Fixed Maturity Plan – Yearly Series 5	10	–	–	35000000	38.83
IDFC Fixed Maturity Plan – Yearly Series 7	10	–	–	25000000	27.41
ING Fixed Maturity Fund Series 31	10	–	–	50000000	52.45
ING Fixed Maturity Fund Series 32	10	–	–	40000000	42.14

5. Investments – Non trade and unquoted unless stated otherwise

Current investment – at Fair Value through profit or loss continued

In mutual funds	Face value (in Rs)	Total number of units	Market value as at 31.03.2009	Total number of units	Market value as at 31.03.2008
ING Liquid Plus Fund–Institutional Fund	10	–	–	51398162	51.42
JM Arbitrage Advantage Fund – Growth Plan	10	–	–	39701103	46.00
JM Fixed Maturity Fund – Series IV – 13 Months Plan	10	–	–	15000000	16.77
JM Fixed Maturity Fund – Series IV – Yearly Plan Growth Plan	10	–	–	10000000	11.16
JM Fixed Maturity Fund – Series VII	10	–	–	27004691	28.38
JM Money Manager Fund Super Plus	10	–	–	117112012	117.16
Kotak Flexi Debt Fund	10	–	–	99579352	99.89
Kotak FMP 12 M Series 1	10	–	–	10000000	10.73
Kotak FMP 12 M Series 2	10	–	–	25000000	26.13
Kotak FMP 12 M Series 4	10	–	–	25000000	25.84
Kotak FMP 13 M Series 1	10	–	–	75000000	83.21
Kotak FMP 13 M Series 2	10	–	–	50000000	55.49
Kotak FMP 14 M Series 2	10	–	–	50000000	55.40
Kotak Quarterly Interval Plan Series 5	10	–	–	53762033	53.84
Principal PNB Deposit Fund Plan 540 Days Series I	10	–	–	15000000	16.67
Principal PNB Fixed Maturity Plan 460 Days Series III	10	–	–	40000000	44.54
Principal Floating Rate Fund FMP–IP	10	–	–	213445695	213.68
Principal Income Fund	10	–	–	38087110	43.43
Principal PNB Fixed Maturity Plan 385 Days Series IV	10	–	–	30000000	33.19
Principal PNB Fixed Maturity Plan 385 Days Series V	10	–	–	10000000	10.49
Principal PNB Fixed Maturity Plan 385 Days Series VI	10	–	–	15000000	15.42
Reliance Fixed Horizon Fund - II Annual Plan Series IV	10	–	–	25000000	27.80
Reliance Fixed Horizon Fund - II Annual Plan Series V	10	–	–	35000000	38.93
Reliance Fixed Horizon Fund - II Annual Plan Series VI	10	–	–	15000000	166.57
Reliance Fixed Horizon Fund – III Annual Plan Series I	10	–	–	100000000	111.25
Reliance Fixed Horizon Fund – III Annual Plan Series III	10	–	–	200000000	223.13
Reliance Fixed Horizon Fund – III Annual Plan Series IV	10	–	–	100000000	111.11
Reliance Fixed Horizon Fund – III Annual Plan Series VI	10	–	–	200000000	217.94
Reliance Fixed Horizon Fund – IV Annual Plan Series I	10	–	–	300000000	31.77
Reliance Fixed Horizon Fund – IV Annual Plan Series II	10	–	–	300000000	31.61
Reliance Liquid Plus Fund – Institutional Plan	1,000	–	–	934217	93.53
Religare FMP –3 Months – Series XXII	10	–	–	20263482	20.28
Religare FMP – 13 Months – Series II	10	–	–	5000000	5.54
Religare FMP – 14 Months – Series I	10	–	–	10000000	11.12
Religare FMP – 375 Days – Series III	10	–	–	10000000	10.56
Religare FMP – 375 Days – Series IV	10	–	–	25000000	26.16
Religare FMP – 375 Days – Series V	10	–	–	15549525	16.07
SBI SDFC 90 Days – 20	10	–	–	101900349	102.70
Tata Dynamic Option Bond Fund Option B	10	–	–	191475735	195.11
Tata Fixed Horizon Fund Series 13 Scheme A	10	–	–	20000000	21.53
Tata Fixed Horizon Fund Series 13 Scheme B	10	–	–	15000000	15.85
Tata Fixed Horizon Fund Series 13 Scheme C	10	–	–	10000000	10.54
Tata Fixed Horizon Fund Series 14 Scheme A	10	–	–	20000000	21.10
Tata Fixed Horizon Fund Series 6 Scheme C 13 Months	10	–	–	25000000	27.82
Tata Fixed Horizon Fund Series 7 Scheme A 13 Months	10	–	–	20000000	22.22
Tata Fixed Horizon Fund Series 7 Scheme B	10	–	–	40000000	44.39
Tata Fixed Horizon Fund Series 7 Scheme D 16 Months	10	–	–	15000000	16.67
Tata Floater Fund	10	–	–	148637545	150.60
Templeton Fixed Horizon Fund – Series II Plan B	10	–	–	20000000	21.45
Templeton Fixed Horizon Fund – Series I (15 Months Plan)	10	–	–	20000000	22.18
Templeton Fixed Horizon Fund – Series I (13 Months Plan)	10	–	–	105000000	116.64
Templeton Fixed Tenure Fund – Series VII (370 Days Plan)	10	–	–	50000000	55.47
UTI Fixed Income Interval Fund Annual Interval Plan III	10	–	–	50000000	52.34
UTI Fixed Maturity Plan – HFMP (03/08)	10	–	–	74559731	74.80
UTI Fixed Maturity Plan Yearly Series YFMP 03/07	10	–	–	129380575	138.00
UTI Fixed Term Income Fund Series II Plan 16	10	–	–	20000000	21.28
UTI Treasury Advantage Fund – IP	1,000	–	–	797220	79.74
				6928.87	6332.45

*Refer note number 6 of schedule 18 (B)

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Following Investments purchased and sold during the year:	2008-09		2007-08	
	Purchased Units	Sold Units	Purchased Units	Sold Units
Equity Shares of Company				
Madanpur South Coal Company Limited – Joint Venture	21061	–	120001	–
Units in Mutual Fund				
Birla Cash Plus Institutional Premium	2200032952	2200032952	788384776	788384776
Birla Fixed Term Plan – Series BD – IP	100000000	–	–	–
Birla Sun Life Floating Rate Fund Long Term – IP	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	35202231	–
Birla Sun Life Interval Income Fund – Quarterly Plan Series II	51984439	51984439	35000000	35000000
Birla Sun Life Interval Income Fund – Quarterly Plan Series III	108406489	209982603	101576114	–
Birla Sun Life Medium Term Fund – IP	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	3577595736	3667047092	614839122	525387765
Birla Sun Life Savings Fund IP Growth	207883968	–	–	–
Birla Sun Life Short Term Fund – IP	211288807	211288807	217881022	217881022
DBS Chola Freedom Income –STF –IP	44989913	44989913	161733710	161733710
DBS Chola Interval Income Fund Monthly Plan A IP	20152629	20152629	–	–
DBS Chola Liquid fund – IP	44875430	44875430	159312085	159312085
DSP Blackrock Cash Plus – IP – Daily Dividend	1194653	1194653	1423090	1423090
DSP Blackrock FMP 12 Months Series 3	40000000	–	–	–
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 IP	71533534	71533534	–	–
DSP Blackrock FMP 3 Months Series 6	405403	20405403	20000000	–
DSP Blackrock FMP 3 Months Series 9	46790353	46790353	–	–
DSP Blackrock Liquid Plus Fund – IP	2509451	2663288	2135289	1981453
DSP Blackrock Liquidity Fund Institutional – Daily Dividend	1254982	1254982	153797	153797
DWS Fixed Term Fund – Series– 57 IP	50000000	50000000	–	–
DWS Fixed Term Fund – Series– 58 IP	60000000	60000000	–	–
DWS Insta Cash Plus Fund – Institutional Plan	411295498	411295498	497417423	497417423
DWS Money Plus – Institutional Plan	231729194	231729194	397904256	397904256
DWS Quarterly Interval Fund Series 1	99114460	99114460	–	–
DWS Ultra Short Term Fund – Super IP	436868284	436868284	–	–
DWS Ultra Short Term Fund – Super IP Growth	153245716	–	–	–
Fidelity Liquid Plus Super Inst	127583	10135442	60553861	50546001
Fortis Flexible Short Term Plan – Series B	31422480	68064853	36642373	–
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	105834795	105834795
Fortis Overnight Fund – Institutional Plus	400793313	400793313	–	–
Fortis Short Term Income Fund IP Plus	67420322	67420322	–	–
HDFC Cash Management Fund – Savings Plan	1541327340	1541327340	171034562	171034562
HDFC Cash management Fund – Treasury Advantage Plan	2053161995	2118874727	351817523	286104790
HDFC Cash management Fund – Treasury Advantage Plan Growth	337502461	–	–	–
HDFC Fixed Maturity Plan 370 Days August 2008 (3) IP	20000000	–	–	–
HDFC Floating Rate Income Fund – Long Term Plan	68108756	–	–	–
HDFC Floating Rate Income Fund – Short Term Plan Wholesale Option	99369807	99369807	–	–
HDFC FMP 181D August 2008 (1) IP	30000000	30000000	–	–
HDFC FMP 90D August 2008 (1)	35000000	35000000	–	–

5. Investments – Non trade and unquoted unless stated otherwise

Investment – Non trade and unquoted unless stated otherwise continued

Following Investments purchased and sold during the year:	2008-09		2007-08	
	Purchased Units	Sold Units	Purchased Units	Sold Units
HDFC FMP 90D August 2008 (3)	140000000	140000000	-	-
HDFC FMP 90D August 2008 (4) IP	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) IP	53000000	53000000	-	-
HDFC FMP 90D September 2008 (2) IP	146890832	146890832	-	-
HDFC FMP 90D September 2008 (3) IP	100000000	100000000	-	-
HDFC FMP 90D September 2008 (4) IP	100000000	100000000	-	-
HSBC Cash Fund Institutional Plus Option	102861301	102861301	270758986	270758986
HSBC Fixed Term Series 58	25504426	25504426	-	-
HSBC Interval Fund I	20425526	20425526	32915255	32915255
HSBC Interval fund II	46034086	46034086	-	-
HSBC Ultra Short Term Bond Fund Institutional Plus Option	214531357	214531357	195720373	195720373
ICICI Prudential Fixed Maturity Plan Series 47 One Year Plan B IP	100000000	-	-	-
ICICI Prudential Flexible Income Plan	3800648476	3898916482	837771474	739503467
ICICI Prudential Flexible Income Plan Growth	703980065	-	-	-
ICICI Prudential Floating rate Plan – Plan D	150044516	150044516	144538628	144538628
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 Instl Liquid Plan-Super Instl	3095220539	3095220539	1081380090	1081380090
ICICI Prudential Interval Fund II Quarterly Interval Plan B	71419605	71419605	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan C	84423534	186106879	101683345	-
ICICI Prudential Interval Fund II Quarterly Interval Plan D IP	61391440	61391440	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan E IP	82706858	107706858	25000000	-
ICICI Prudential Interval Fund IV Quarterly Plan B IP	116365100	66365100	-	-
ICICI Prudential Interval Fund IV Quarterly Plan C IP	25628250	25628250	-	-
ICICI Prudential Interval Fund Quarterly Plan I	102176607	102176607	20333200	20333200
IDFC Cash Fund Plan C IP	605941571	605941571	-	-
IDFC Fixed Maturity Plan – Thirteen Months Series 1 IP	40000000	-	-	-
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 Liquid Fund IP	3854927	3854927	-	-
IDFC Liquid Plus Treasury Plan C IP	993796732	993796732	-	-
IDFC Liquid Plus Treasury Plan C IP Growth	419021984	-	-	-
IDFC Quarterly Interval Fund Plan A IP	61763666	61763666	-	-
ING Fixed Maturity Fund – Series 49 (Institutional Plan)	30000000	30000000	-	-
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	-	-

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Following Investments purchased and sold during the year:	2008-09		2007-08	
	Purchased Units	Sold Units	Purchased Units	Sold Units
ING Liquid Plus Fund–Institutional Fund	165641863	217040025	406230531	354832370
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 X – QP 4	20402087	20402087	–	–
JM Fixed Maturity Fund Series XIII Monthly Plan 2 IP	20583392	20583392	–	–
JM High Liquidity Super Institutional	348172636	348172636	398538671	398538671
JM Interval Fund – Quarterly Plan 1 – IP	97923901	97923901	41340093	41340093
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	499118713	616230726	521922476	404810464
Kotak Flexi Debt Fund	236654934	336234286	879064929	779485576
Kotak Flexi Debt Fund – IP	336637280	336637280	–	–
Kotak Floater – Long Term	188836943	188836943	–	–
Kotak Floater – Long Term Growth	72226722	–	–	–
Kotak FMP 12 M Series 6	20000000	–	–	–
Kotak FMP 12 M Series 9 IP	30000000	–	–	–
Kotak FMP 13 M Series 5 IP	50000000	–	–	–
Kotak Liquid (Institutional Premium)	380864770	380864770	404589476	404589476
Kotak Monthly Interval Plan Series 3 IP	151115078	151115078	–	–
Kotak Quarterly Interval Plan Series 1 IP	25589529	25589529	20445974	20445974
Kotak Quarterly Interval Plan Series 2 IP	116042096	46042096	15523160	15523160
Kotak Quarterly Interval Plan Series 3	66139063	66139063	76019035	76019035
Kotak Quarterly Interval Plan Series 4	185372248	185372248	–	–
Kotak Quarterly Interval Plan Series 5	51238467	105000501	53762033	–
Kotak Quarterly Interval Plan Series 6	50846221	50846221	–	–
Kotak Quarterly Interval Plan Series 8 IP	51167976	51167976	–	–
Kotak Quarterly Interval Plan Series 9 IP	40974954	40974954	–	–
Principal PNB Cash Management Fund Liquid Option Instl. Prem. Plan	944621253	944621253	667036231	667036231
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 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	827005624	613559929
Reliance Fixed Horizon Fund VIII Series VII	120010798	120010798	–	–
Reliance Fixed Horizon Fund X Series II	150000000	–	–	–
Reliance Fixed Horizon Fund X Series V Super IP	185000000	–	–	–
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 liquid fund – Treasury Plan	13085041	13085041	–	–
Reliance liquid fund – cash plan	6319425	6319425	–	–
Reliance Liquid Plus Fund – Institutional Plan	17100474	18034691	9093792	8159575
Reliance Liquidity Fund	3294093404	3294093404	688381949	688381949
Reliance Medium Term Fund	1521010287	1521010287	–	–
Reliance Medium Term Fund Growth	87035854	–	–	–
Religare FMP 3 Months – Series XXII	115016	20378498	20263482	–
SBI Premier Liquid Fund – IP	278915465	278915465	–	–
SBI SDFS 13 Months 10 IP	150000000	–	–	–
SBI SDFS 13 Months 9 IP	95000000	–	–	–
SBI SDFS 90 Days 20	1799254	103699603	101900349	–
SBI SDFS 90 Days 25	105695033	105695033	–	–

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Investment – Non trade and unquoted unless stated otherwise continued

Following Investments purchased and sold during the year:	2008-09		2007-08	
	Purchased Units	Sold Units	Purchased Units	Sold Units
SBI SDFS 90 Days 26	71463140	71463140	-	-
SBI SDFS 90 Days 29 IP	169432119	169432119	-	-
SBI SHF – Liquid Plus – IP	386049885	386049885	-	-
TATA Dynamic Option Bond Fund – Option B	1376277	192852013	191475735	-
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 D IP	20000000	-	-	-
TATA Fixed Horizon Fund Series 19 Scheme E	122817495	122817495	-	-
TATA Fixed Horizon Fund Series 19 Scheme F IP	15385650	15385650	-	-
TATA Fixed Income Portfolio Fund A2 IP	50182952	50182952	-	-
TATA Fixed Income Portfolio Fund A3 IP	50100012	50100012	15082719	15082719
TATA Fixed Investment Plan 2 Scheme A IP	15000000	-	-	-
TATA Floater Fund	2882696305	2882696305	506138022	506138022
TATA Floater Fund Growth	256550062	-	-	-
TATA Floating Rate Fund – LT	2820160	151457705	148637545	-
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	16158344	16158344	4106721	4106721
TATA Treasury Manager Fund – SHIP	1532009	1532009	681962	681962
Templeton Fixed Horizon Fund – Series XI Plan C IP	20000000	-	-	-
Templeton Floating Rate Income Fund LT – Super IP – Daily Dividend	253558553	253558553	783571475	783571475
Templeton India TMA Liquid – Super IP	3428522	3428522	5703707	5703707
Templeton India Ultra Short Bond Fund – Super IP	274344735	274344735	-	-
Templeton Quarterly Interval Plan – Plan C	45891043	45891043	20349258	20349258
UTI Fixed Income Interval Fund Monthly Interval Plan I	311682171	236682171	-	-
UTI Fixed Income Interval Fund Monthly Interval Plan II	171217023	171217023	-	-
UTI Fixed Income Interval Fund Quarterly Interval Plan I IP	51167047	51167047	20371878	20371878
UTI Fixed Income Interval Fund Quarterly Interval Plan III	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 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	74559731	-
UTI Fixed Maturity Plan Yearly Series March 2009 IP	40000000	-	-	-
UTI Fixed Maturity Plan Yearly Series YFMP 06/08	50920431	50920431	-	-
UTI Liquid Cash Plan Institutional	18181560	18181560	2472746	2472746
UTI Short Term Fixed Maturity Plan Series I – IV	20446600	20446600	-	-
UTI Short Term Fixed Maturity Plan Series I – IX Inst. Plan	76718164	76718164	-	-
UTI Short Term Fixed Maturity Plan Series I – VI	66466819	66466819	-	-
UTI Short Term Fixed Maturity Plan Series I – VII IP	20466982	20466982	-	-
UTI Treasury Advantage Fund – IP	27594037	28391257	4193449	3396229
UTI Treasury Advantage Fund – IP Growth	6188596	-	-	-
Birla Fixed Term Plan – Series AA	-	20000000	20000000	-
Birla Fixed Term Plan – Series AB	-	25000000	25000000	-
Birla Fixed Term Plan – Series AC	-	5000000	5000000	-
Birla Fixed Term Plan – Series O	-	40000000	-	-
Birla Fixed Term Plan – Series R	-	20000000	-	-
Birla Fixed Term Plan – Series S	-	23000000	-	-
Birla Fixed Term Plan – Series T	-	200000000	-	-
Birla Fixed Term Plan – Series U	-	42000000	-	-
Birla Fixed Term Plan – Series X	-	15000000	15000000	-
DBS Chola Fixed Maturity Plan Series 6	-	30000000	-	-
DSP Blackrock FTP Series 3 E	-	750000	-	-
DSP Blackrock FTP Series 3 H	-	100000	100000	-
DWS Fixed Maturity Plan– Series 21	-	35000000	-	-
DWS Fixed Term Fund – Series– 20	-	15000000	-	-
DWS Fixed Term Fund – Series– 24	-	100000000	-	-
DWS Fixed Term Fund – Series– 25	-	25000000	-	-

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Following Investments purchased and sold during the year:	2008-09		2007-08	
	Purchased Units	Sold Units	Purchased Units	Sold Units
DWS Fixed Term Fund – Series 32	–	7000000	7000000	–
DWS Fixed Term Fund – Series 35	–	21664400	21664400	–
Fortis Fixed Term Plan – Series 5	–	10000000	–	–
Fortis Fixed Term Plan – Series 8 Yearly Plan A	–	10000000	10000000	–
Fortis Fixed Term Plan – Series 8 Yearly Plan D	–	32439600	32439600	–
Fortis Fixed Term Plan – Series 8 Yearly Plan E	–	25000000	25000000	–
HDFC Fixed Maturity Plan 14 Months March 2007	–	107000000	–	–
HDFC Fixed Maturity Plan 15 Months March 2007	–	45000000	–	–
HDFC Fixed Maturity Plan 18 Months Oct 2006	–	25000000	–	–
HDFC Fixed Maturity Plan 367 Days August 2007	–	15000000	15000000	–
HDFC Fixed Maturity Plan 367 Days June 2007	–	5000000	5000000	–
HDFC Fixed Maturity Plan 367 Days September 2007	–	5000000	5000000	–
HSBC Fixed Term Series 21	–	20000000	–	–
HSBC Fixed Term Series 25	–	50000000	–	–
HSBC Fixed Term Series 27	–	15000000	–	–
HSBC Fixed Term Series 32	–	10000000	10000000	–
HSBC Fixed Term Series 36	–	40000000	40000000	–
ICICI Prudential Fixed Maturity Plan Series 34 – 15 Months Plan	–	50000000	–	–
ICICI Prudential Fixed Maturity Plan Series 35 One Year Plan	–	25000000	25000000	–
ICICI Prudential Fixed Maturity Plan Series 35 – 13 Months Plan	–	150000000	–	–
ICICI Prudential Fixed Maturity Plan Series 37 – 14 Months Plan	–	35000000	–	–
ICICI Prudential Fixed Maturity Plan Series 38 One Year Plan D	–	10000000	10000000	–
ICICI Prudential Interval Fund – Annual Interval Plan II	–	50000000	50000000	–
ICICI Prudential Interval Fund – Annual Interval Plan III	–	20000000	20000000	–
IDFC Fixed Maturity Plan – Yearly Series 3	–	40000000	–	–
IDFC Fixed Maturity Plan – Yearly Series 5	–	35000000	–	–
IDFC Fixed Maturity Plan – Yearly Series 7	–	25000000	25000000	–
ING Fixed Maturity Fund Series 31	–	50000000	50000000	–
ING Fixed Maturity Fund Series 32	–	40000000	40000000	–
JM Arbitrage Advantage Fund – Growth Plan	–	39701103	39701103	–
JM Fixed Maturity Fund – Series IV 13 Months Plan	–	15000000	–	–
JM Fixed Maturity Fund – Series VII	–	27004691	27004691	–
JM Fixed Maturity Fund – Series IV – Yearly Plan – Growth Plan	–	10000000	–	–
Kotak FMP 12 M Series 1	–	10000000	10000000	–
Kotak FMP 12 M Series 2	–	25000000	25000000	–
Kotak FMP 12 M Series 4	–	25000000	25000000	–
Kotak FMP 13 M Series 1	–	75000000	–	–
Kotak FMP 13 M Series 2	–	50000000	–	–
Kotak FMP 14 M Series 2	–	50000000	–	–
Principal PNB Deposit Fund Plan 540 Days Series I	–	15000000	–	–
Principal PNB Fixed Maturity Plan 385 Days Series IV	–	30000000	–	–
Principal PNB Fixed Maturity Plan 385 Days Series V	–	10000000	10000000	–
Principal PNB Fixed Maturity Plan 385 Days Series VI	–	15000000	15000000	–
Principal PNB Fixed Maturity Plan 460 Days Series III	–	40000000	–	–
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	200000000	–
Reliance Fixed Horizon Fund IV Annual Plan Series I	–	30000000	30000000	–
Reliance Fixed Horizon Fund IV Annual Plan Series II	–	30000000	30000000	–
Religare FMP – 13 Months – Series II	–	5000000	–	–
Religare FMP – 14 Months – Series I	–	10000000	–	–
Religare FMP – 375 Days – Series III	–	10000000	10000000	–
Religare FMP – 375 Days – Series IV	–	25000000	25000000	–

5. Investments – Non trade and unquoted unless stated otherwise

Investment – Non trade and unquoted unless stated otherwise continued

Following Investments purchased and sold during the year:	2008–09		2007–08	
	Purchased Units	Sold Units	Purchased Units	Sold Units
Religare FMP – 375 Days – Series V	–	15549525	15549525	–
TATA Fixed Horizon Fund Series 13 Scheme A	–	20000000	20000000	–
TATA Fixed Horizon Fund Series 13 Scheme B	–	15000000	15000000	–
TATA Fixed Horizon Fund Series 13 Scheme C	–	10000000	10000000	–
TATA Fixed Horizon Fund Series 14 Scheme A	–	20000000	20000000	–
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	–	–
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	20000000	–
Templeton Fixed Tenure Fund – Series VII (370 Days Plan)	–	50000000	–	–
UTI Fixed Income Interval Fund Annual Interval Plan III	–	50000000	50000000	–
UTI Fixed Maturity Plan Yearly Series YFMP 03/07	–	129380575	–	–
UTI Fixed Term Income Fund Series II Plan 16	–	20000000	–	–
Birla Fixed Maturity Plan Quarterly Series 2	–	–	29934444	29934444
Birla Fixed Maturity Plan Quarterly Series 20	–	–	10000000	10000000
Birla Fixed Term Plan Quarterly Series 13	–	–	30000000	30000000
Birla Fixed Term Plan Quarterly Series 23	–	–	10000000	10000000
Birla Fixed Term Plan – Series AD	–	–	18000000	–
Birla Fixed Term Plan – Series AE	–	–	10000000	–
Birla Fixed Term Plan – Series AJ	–	–	10000000	–
Birla Fixed Term Plan – Series AN	–	–	10000000	–
Birla Income Plus	–	–	47744174	47744174
Birla Sun Life Income Fund	–	–	33717996	33717996
Birla Sun Life Liquid Plus Institutional Plan	–	–	29329345	29329345
DBS Chola Fixed Maturity Plan – Series 7	–	–	10000000	10000000
DBS Chola Interval Fund	–	–	30399922	30399922
DSP Blackrock FMP 13 Months Series 1	–	–	45000000	–
DSP Blackrock FMP 18 Months Series 1	–	–	15000000	–
DSP Blackrock FMP 3 Months Series 2	–	–	15273553	15273553
DSP Blackrock Liquidity Fund IP	–	–	640163	640163
DSP Blackrock Short Term Fund	–	–	4078098	4078098
DSP Blackrock Strategic Bond Fund	–	–	100134	100134
DWS Credit Opportunities Cash Fund	–	–	519328586	519328586
DWS Fixed Term Fund – Series 30	–	–	30000000	30000000
DWS Fixed Term Fund – Series 41	–	–	15000000	–
DWS Short Maturity Fund	–	–	64277575	64277575
Fidelity Cash Fund	–	–	56308639	56308639
Fidelity Short Term Income – IP	–	–	7944865	7944865
Fidelity Short Term Income – Retail Plan	–	–	4048208	4048208
Fortis Cash Fund – Institutional Plus	–	–	60009146	60009146
Fortis Fixed Term Plan – Series 7 Quarterly Plan D	–	–	25520962	25520962
Fortis Flexible Short Term Plan – Series E	–	–	36178561	36178561
Fortis Interval Fund – Monthly Plan A	–	–	36642373	36642373
Fortis Interval Fund Quarterly Plan G	–	–	26370941	26370941
Fortis Interval Fund Quarterly Plan H	–	–	20346715	20346715
HDFC Cash Management Fund	–	–	4701502	4701502
HDFC Cash Management Fund – Call Plan	–	–	31429849	31429849
HDFC FMP 90D Dec 2007	–	–	30000000	30000000
HDFC HIF – STP	–	–	5006079	5006079
HDFC Income Fund	–	–	23835960	23835960
HDFC Liquid Fund Premium Plus Plan	–	–	63139921	63139921
HDFC Quarterly Interval Fund – Plan A	–	–	60807845	60807845
HDFC Quarterly Interval Fund – Plan B	–	–	50000000	50000000
HDFC Short Term Plan	–	–	67170239	67170239
HSBC Fixed Term Series 44	–	–	15000000	–

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Following Investments purchased and sold during the year:	2008-09		2007-08	
	Purchased Units	Sold Units	Purchased Units	Sold Units
HSBC FTS 29 – 6 Months	–	–	32309279	32309279
HSBC FTS 31	–	–	20000000	20000000
HSBC FTS 34 – 6 Months	–	–	21634958	21634958
HSBC Income Fund IP	–	–	4032552	4032552
ICICI Prudential Fixed Maturity Plan Series 41	–	–	10000000	–
ICICI Prudential Fixed Maturity Plan Series 42 Sixteen Months Plan	–	–	15000000	–
ICICI Prudential Income Fund – IP	–	–	46349385	46349385
ICICI Prudential Interval Fund Monthly Interval Plan II	–	–	42676408	42676408
ICICI Prudential Short Term Institutional Plan	–	–	144440197	144440197
IDFC Fixed Maturity Plan – Yearly Series 17 – Plan B	–	–	30000000	–
IDFC Fixed Maturity Plan – Yearly Series 19 – Plan B	–	–	35000000	–
IDFC Fixed Maturity Plan – Quarterly Series 11	–	–	25000000	25000000
IDFC Fixed Maturity Plan – Quarterly Series 14	–	–	20000000	20000000
IDFC Fixed Maturity Plan – Quarterly Series 19	–	–	41303752	41303752
IDFC Fixed Maturity Plan – Quarterly Series 9	–	–	20000000	20000000
IDFC Floating Rate Fund – IP – LTP – Plan B	–	–	289162212	289162212
IDFC Liquidity Manager Fund Plus	–	–	2258923	2258923
IDFC SSIF – Short Term – Plan C – Super IP	–	–	93996872	93996872
IDFC Super Saver Income Fund – MTP – Plan A	–	–	15195816	15195816
ING FMP Series – 34	–	–	15040529	15040529
ING FMP Series XXV	–	–	15000000	15000000
ING FMP Series XXX	–	–	20000000	20000000
ING FMP Series – 29	–	–	30000000	30000000
ING FMP Series – 36	–	–	23432170	23432170
ING Income Fund – Short Term	–	–	72235381	72235381
ING Liquid Fund – Super Institutional	–	–	348508564	348508564
JM Arbitrage Advantage Fund – Dividend Plan	–	–	15311384	15311384
JM Fixed Maturity Fund – Series V	–	–	25520448	25520448
JM Fixed Maturity Fund – Series VI – Q2	–	–	16400246	16400246
JM Fixed Maturity Fund – Series VI – Q5	–	–	47238819	47238819
JM Fixed Maturity Fund – Series VI – Q4	–	–	35622083	35622083
JM Fixed Maturity Fund – Series VI – Quarterly Plan – 3	–	–	25582372	25582372
JM Fixed Maturity Fund – Series V – Quarterly Plan – 5	–	–	10000000	10000000
JM Liquid Plus Fund – Premium	–	–	15847721	15847721
JM Short Term Fund – Institutional Plan	–	–	6258152	6258152
JP Morgan India Liquid Fund	–	–	149878356	149878356
JP Morgan India Liquid Plus Fund	–	–	151074268	151074268
Kotak Bond Short Term Plan	–	–	66851547	66851547
Kotak FMP 13 M Series 3	–	–	30000000	–
Kotak FMP 14 M Series 3	–	–	25000000	–
Kotak FMP 14 M Series 4	–	–	20000000	–
Kotak FMP 3M Series 17	–	–	25000000	25000000
Kotak FMP 3M Series 18	–	–	25000000	25000000
Kotak FMP 3M Series 22	–	–	71181685	71181685
Kotak FMP 3M Series 25	–	–	20000000	20000000
Kotak FMP 3M Series 26	–	–	109858256	109858256
Principal PNB Fixed Maturity Plan 91 Days Series XII	–	–	75000000	75000000
Principal PNB Floating Rate Fund SMP IP	–	–	16001951	16001951
Principal PNB Fixed Maturity Plan 460 Days Series IV	–	–	8000000	–
Principal PNB Income Fund – IP	–	–	52877879	52877879
Principal PNB Income Fund Short Term Plan IP	–	–	71237515	71237515
Reliance Fixed Horizon Fund IV Series VI	–	–	20000000	–
Reliance Fixed Horizon Fund VI Quarterly FMP Series 1	–	–	60000000	60000000
Reliance Fixed Horizon Fund VII Series I	–	–	15000000	–
Reliance Fixed Horizon Fund VII Series III	–	–	50000000	–
Reliance Income Fund	–	–	7464940	7464940
Reliance Interval Fund	–	–	31681581	31681581
Reliance Interval Fund (Monthly Interval Fund Series 1)	–	–	35185561	35185561
Reliance Short Term Fund	–	–	145130379	145130379

5. Investments – Non trade and unquoted unless stated otherwise

Investment – Non trade and unquoted unless stated otherwise continued

Following Investments purchased and sold during the year:	2008-09		2007-08	
	Purchased Units	Sold Units	Purchased Units	Sold Units
Religare Active Income Fund – IP	-	-	5361280	5361280
Religare Fixed Maturity Plan – 1 months – Series 1	-	-	8046600	8046600
Religare Fixed Maturity Plan –3 month – Series VII	-	-	10207386	10207386
Religare FMP 3 months – Series VIII	-	-	15291198	15291198
Religare FMP 3 months – Series XI	-	-	15000000	15000000
Religare FMP 3 months – Series XIV	-	-	15546260	15546260
Religare FMP 3 months – Series XVI	-	-	15254208	15254208
Religare FMP 3 months – Series XVIII	-	-	15509504	15509504
Religare FMP 3 months – Series XX	-	-	35519412	35519412
Religare FMP-15 Months – Series II	-	-	10001712	-
Religare Liquid Fund	-	-	148562340	148562340
Religare Liquid Plus –Institutional Plan	-	-	145078440	145078440
Religare Quarterly Interval Fund – Plan D	-	-	19101832	19101832
Religare Quarterly Interval Fund – Plan E	-	-	15275536	15275536
Religare Quarterly Interval Fund – Plan F	-	-	15800813	15800813
Religare Short Term Plan –Institutional Plan	-	-	40634643	40634643
SBI SDFS 90 Days 16	-	-	30490530	30490530
SBI SDFS 90 Days 18	-	-	91630694	91630694
TATA Dynamic Bond Fund	-	-	44043168	44043168
TATA Fixed Horizon Fund Series 10 Scheme D	-	-	40804261	40804261
TATA Fixed Horizon Fund Series 11 Scheme D	-	-	20340386	20340386
TATA Fixed Horizon Fund Series 11 Scheme E	-	-	20343718	20343718
TATA Floating Rate Fund Short Term – Institutional Plan	-	-	15262937	15262937
TATA Liquidity Management Fund	-	-	1031739	1031739
TATA Short Term Bond Fund	-	-	21779184	21779184
Templeton Floating Rate Income Fund LT – IP	-	-	31701556	31701556
Templeton Floating Rate Income Fund LT –Super IP	-	-	63923906	63923906
Templeton India IBA – Plan A	-	-	11611828	11611828
Templeton India Short Term Plan – IP	-	-	3119749	3119749
Templeton Quarterly Interval Plan – Plan A	-	-	25000000	25000000
Templeton Quarterly Interval Plan – Plan B	-	-	15000000	15000000
UTI Bond Fund Growth	-	-	42666079	42666079
UTI Quarterly FMP Series QFMP 08/07/II	-	-	43730222	43730222
UTI Quarterly FMP Series QFMP 09/07/II	-	-	20000000	20000000
Birla Fixed Term Plan – Series E (15 Months)	-	-	-	20000000
Birla Fixed Term Plan – Series F (14 Months)	-	-	-	31000000
Birla Fixed Term Plan – Series H (13 Months)	-	-	-	82000000
DSP Blackrock Fixed Term Plan – Series 3A – 12.5 Months	-	-	-	400000
DWS Fixed Income fund – Series 15 (09/06)	-	-	-	20000000
DWS Fixed Maturity Plan– Series 10	-	-	-	25000000
DWS Fixed Maturity Plan– Series 14	-	-	-	50000000
DWS Fixed Term Fund – Series 4	-	-	-	5000000
DWS Fixed Term Fund – Series 5– 375 Days	-	-	-	55161500
DWS Fixed Term Fund – Series 6–14 Months	-	-	-	24000000
DWS Fixed Term Fund – Series 9–13 Months	-	-	-	37000000
Fortis Fixed Term Plan – Series 1 15 Months	-	-	-	40000000
Fortis Fixed Term Plan – Series 2 13 Months	-	-	-	1000000
Fortis Fixed Term Plan – Series 3 Yearly Plan(08/06)	-	-	-	30000000
HDFC Fixed Maturity Plan 13 Months July 2006	-	-	-	25000000
HDFC Fixed Maturity Plan 13 Months Sept 2006	-	-	-	30000000
HDFC FMP-13 Months	-	-	-	30000000
HDFC FMP-13 Months June 2006 (1)	-	-	-	40000000
HSBC Fixed Term Series 15 370 Days (09/06)	-	-	-	50000000
HSBC FTS 13 – 370 Days	-	-	-	30000000
HSBC FTS IV – 370 Days	-	-	-	10000000
HSBC FTS IX – 370 Days	-	-	-	50000000
ICICI Prudential Fixed Maturity Plan Series 12 Inst	-	-	-	19980020
ICICI Prudential Fixed Maturity Plan Series 25 – 17Months	-	-	-	23343542
ICICI Prudential Fixed Maturity Plan Series 28 – 16Months	-	-	-	12000000

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5. Investments – Non trade and unquoted unless stated otherwise

Investment – Non trade and unquoted unless stated otherwise continued

Following Investments purchased and sold during the year:	2008–09		2007–08	
	Purchased Units	Sold Units	Purchased Units	Sold Units
ICICI Prudential Fixed Maturity Plan Series 28 – 370 Days	–	–	–	60000000
ICICI Prudential Hybrid FMP – 13 (13 MONTH) (08/06)	–	–	–	75000000
IDFC Fixed Maturity 20 Th Plan – 14 Months	–	–	–	10000000
IDFC Fixed Maturity 2nd Plan – 13 Months	–	–	–	10000000
IDFC Fixed Maturity Plan – 22 – 15 Months	–	–	–	20000000
ING FMP Series VII	–	–	–	17000000
ING FMP Series XV	–	–	–	25000000
JM Equity And Derivative Fund-Bonus	–	–	–	7415958
JM Equity And Derivative Fund-Growth	–	–	–	52565414
JM Fixed Maturity Plan Series II – 375 Days	–	–	–	40000000
JM High Liquidity Fund-Bonus Option	–	–	–	39721505
Kotak FMP 15 M Series 1	–	–	–	30000000
Kotak FMP Series – 13 –13 Months	–	–	–	40000000
Kotak FMP Series – 14 –15 Months	–	–	–	10000000
Kotak FMP Series – 21 –15 Months	–	–	–	25000000
Kotak FMP Series – 25 –13 Months	–	–	–	40000000
Kotak FMP Series 26	–	–	–	15000000
LIC MF Fixed Maturity Plan – Series IV 15 Months	–	–	–	10000000
Principal PNB Fixed Maturity Plan 385 Days Series II	–	–	–	22000000
Principal PNB Fixed Maturity Plan 385 Days Series I	–	–	–	15000000
Principal PNB Fixed Maturity Plan 460 Days Series I	–	–	–	34000000
Principal PNB Fixed Maturity Plan 460 Days Series II (08/06)	–	–	–	20000000
Reliance Fixed Horizon Fund I Annual Plan II(09/06)	–	–	–	70000000
Reliance Fixed Horizon Fund I Annual Plan Series I	–	–	–	50000000
TATA Fixed Horizon Fund Series 2 Plan B	–	–	–	5000000
TATA Fixed Horizon Fund Series 2 Plan C	–	–	–	25000000
TATA Fixed Horizon Fund Series 3 Scheme C 13 Months	–	–	–	35000000
TATA Fixed Horizon Fund Series 3 Scheme D 13 Months	–	–	–	10000000
TATA Fixed Horizon Fund Series 3 Scheme F 14 Months	–	–	–	30000000
TATA Fixed Horizon Fund Series 6 Scheme A 13 Months (07/06)	–	–	–	40000000
TATA Fixed Horizon Fund Series 3 Scheme G 18 Months	–	–	–	40000000
UTI Fixed Maturity Plan – AUG 06	–	–	–	50000000
UTI Fixed Maturity Plan – JUN 06	–	–	–	40000000
UTI Fixed Term Income Fund Series I (18 Months Plan)	–	–	–	15000000
UTI Fixed Term Income Fund Series I Plan 18 (18 Months Plan)	–	–	–	19000000
	47435252817	48149770024	20117608507	18707172027

6. Inventories

	(Rs in crore)	
	2009	2008
Stores and spares	201.07	160.44
Goods-in-transit	16.21	53.66
Ore	12.31	8.87
Concentrates	238.73	192.22
Stock in process	67.92	76.22
Finished goods	9.42	26.69
	545.66	518.10

7. Sundry debtors – considered good

	(Rs in crore)	
	2009	2008
Debts outstanding for a period of more than six Months		
– Unsecured (Considered goods)	0.73	–
Other debts		
– Secured	106.94	428.77
– Unsecured (Considered goods)	57.27	14.89
	164.21	443.66
	164.94	443.66

8. Cash and bank balances

	(Rs in crore)	
	2009	2008
Cash/cheques in hand	0.13	0.30
Bank balances		
Schedule banks:		
– Current account	18.64	81.28
– Short term deposits	2,700.38	1,281.20
	2,719.15	1,362.78

9. Other current assets

	(Rs in crore)	
	2009	2008
Interest accrued on deposits	40.83	3.00

10. Loans and advances – unsecured considered good unless stated otherwise

	(Rs in crore)	
	2009	2008
Loans (secured) – staff (Secured by hypothecation of property/vehicle)	19.38	22.05
Advances recoverable in cash or in kind or for value to be received	247.92	319.97
Deposits with government departments	46.02	41.92
Taxation (net)	–	0.15
	313.32	384.09

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11. Current liabilities and provisions

	(Rs in crore)	
	2009	2008
Current liabilities		
Sundry creditors (Refer note 23 of Schedule 18)	372.22	354.67
Advance from customers	30.02	39.07
Security and other deposits	233.93	204.00
Investor education and protection fund		
– matured fixed deposits	0.08	0.08
– unpaid dividend (not due for payment)	0.58	0.70
Other liabilities	165.99	176.34
	802.82	774.86
Provisions		
Dividend	169.01	105.63
Corporate dividend tax	28.73	17.95
Taxation (net)	0.39	–
	198.13	123.58
	1,000.95	898.44

12. Other income

	(Rs in crore)	
	2009	2008
Interest on – gross*		
– deposits	165.42	3.91
– staff loans	0.82	1.18
– others	44.93	61.80
	211.17	66.89
Dividend from current/non trade investments	424.99	161.62
Profit on sale of current investments (net)	54.68	170.61
Adjustment (net) to mark to market on Investments in Financial Instruments	98.60	220.74
Rent	1.59	1.38
Profit/(Loss) on sale of fixed assets net	1.61	1.25
Provision for expenses written back	8.15	148.12
Exchange difference (net)	34.76	–
Miscellaneous income	95.68	81.02
	931.23	851.63

*Tax deducted at source Rs 35.12Cr (2008: Rs 5.84 Cr).

13. Mining and manufacturing expenses

	(Rs in crore)	
	2009	2008
Purchase of Imported Raw Materials	40.34	6.09
Stores, spares and components	582.11	420.93
Power and fuel	811.38	545.38
Royalty	364.24	511.05
Repairs :		
– buildings	17.31	15.21
– machinery	286.91	186.60
– others	19.45	13.40
	323.67	215.21
Freight on concentrate	54.51	47.69
Other factory expenses	126.27	82.99
Excise	(8.24)	(17.70)
Amortisation	–	1.53
	2,294.28	1,813.17

14. (Accretion)/decretion of stock

	(Rs in crore)	
	2009	2008
Closing stock		
Ore	12.31	8.87
Concentrates	238.73	192.22
Stock-in process	67.92	76.22
Finished goods	9.42	26.69
Total	328.38	304.00
Opening stock		
Ore	8.87	11.47
Concentrates	192.22	296.05
Stock-in process	76.22	47.70
Finished goods	26.69	7.89
Total	304.00	363.11
(Accretion)/decretion of stocks	(24.38)	59.11

15. Employees' remuneration and benefits

	(Rs in crore)	
	2009	2008
Salary, wages and bonus	323.15	269.14
Contribution to provident/other funds	20.59	20.27
Staff welfare expenses	35.26	29.82
	379.00	319.23
Less: Capitalised	14.11	11.04
	364.89	308.19

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16. Administrative and selling

	(Rs in crore)	
	2009	2008
Rent	0.77	1.12
Rates and taxes	6.60	8.08
Insurance	14.14	12.29
Watch and ward	7.66	5.21
Exploration expense	36.24	32.81
Research and development expenses:		
Salary, wages and bonus	1.46	1.30
Materials and services	1.37	0.58
Others	0.41	0.60
Depreciation	0.27	0.26
Less : grants received	3.51	2.74
	0.06	0.55
	3.45	2.19
Directors' fees	0.03	0.05
Directors' travelling expenses	0.23	0.23
Auditors remuneration and expenses		
Audit fees	0.29	0.29
Tax audit fees	0.08	0.08
Other audit related fees	0.84	0.97
Other services	0.10	-
Out of pocket expenses	0.04	0.03
	1.35	1.37
Cost audit fee and expenses	0.01	0.01
Donation	8.34	2.62
Selling and distribution		
- freight and forwarding	167.67	178.72
- other selling expenses	8.35	11.14
Exchange difference (net)	-	18.06
Other expenses	63.31	60.56
	318.15	334.46
Less: Capitalised	6.83	15.55
	311.32	318.91

17. Finance

	(Rs in crore)	
	2009	2008
Interest		
- Bank (net)	2.29	3.59
- Others	2.85	1.39
	5.14	4.98
- Exchange difference on loan	-	1.12
- Others	16.74	18.07
	21.88	24.17

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 except those items covered under 'Accounting Standard - 30' on 'Financial instruments : Recognition and Measurement' which have been measured at their fair value and in accordance with the Companies Act, 1956.

18. Notes continued**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 upto the date of commissioning, (net of cenvat Value Added Tax) less accumulated depreciation and impairment loss. Grant received towards fixed assets is reduced from the cost of the related assets.

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

Impairment of Fixed Assets

The carrying amounts of tangible fixed assets are reviewed for impairment, if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, impairment is charged to the profit and loss account.

Recoverable amounts are estimated for individual assets where feasible, otherwise to the relevant cash generating unit.

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/extensions forming an integral part of existing plants and on the revised carrying amount of the assets identified as impaired on which depreciation has been provided over residual life of the respective fixed assets.

Intangible assets are amortised over its expected useful life.

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

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

Financial Asset Investments

Investments classified as held for trading that have a fair value are measured at fair value & gain/loss arising on account of fair valuation is routed through Profit and Loss account & those unquoted that do not have a market price and whose fair value cannot be reliably measured are carried 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.
- 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.

Schedule Annexed to and Forming Part of the Accounts continued

For the year ended 31 March 2009

18. Notes continued

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.

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.

18. Notes continued**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

Defined benefit plan – Long term fund : Gratuity and Short term benefit plan:

Gratuity and Leave Encashment liabilities are accounted for on the basis of year end actuarial valuation.

Defined contribution plan : Provident Fund

Contribution to Defined contribution schemes such as Provident fund etc are charged to the Profit and loss account as incurred. Contributions are made to a trust administered by the company. Any deficiency in the interest declared by the Board of trustees is to be made good by the Company to bring it to the statutory limit.

Termination benefit are recognised as expense as and when incurred.

Voluntary Retirement Expenses

Voluntary retirement expenses are charged to the profit and loss account.

Taxation

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.

Provision for fringe benefit tax is made in accordance with the provisions of Income tax Act, 1961.

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 31 March 2009

18. Notes continued

B) Notes

1. Contingent Liability:

	(Rs in crore)	
	As at 31 March 2009	As at 31 March 2008
Claims against the company not acknowledged as debts (Matters pending in court/arbitration. No cash out flow is expected in future)		
– Suppliers and contractors	40.11	46.19
– Employees, ex-employees and others	16.37	11.28
– 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)	25.91	23.55
Sales tax demands (This pertains to disputes in respect of tax rate difference/classification, stock transfer matters. No cash out flow is expected in future)	26.45	31.83
Income tax (This pertains to demand raised by Department on various additions to return income. No cash out flow is expected in future))	106.76	–
Excise Duty demands (This pertains 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)	46.52	47.39
Bills Discounted (No cash out flow is expected in future)	207.90	327.14
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 1492.31 crore (2008: Rs 985.39 crore).
3. The title deeds are still to be executed in respect of 10.63 acres of freehold land at Vishakapatnam.
4. Additions to fixed assets and year end capital work in progress include Foreign Exchange loss Rs 2.83 crore (2008 : Rs 5.76 crore)
5. 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 (2008, 21.8%). During the year, an additional joint venturer was inducted at 17.19 % ownership interest at a matching contribution to equity and reserves resulting in the Company's interest reducing proportionately from 21.8% to 18.05 %.

b. Interest in joint venture :

Name	Country of incorporation	Percentage of ownership interests as at 31 March at 2009	Percentage of ownership interests as at 31 March at 2008
Madanpur South Coal Company Limited	India	18.05 %	21.8 %

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 March 2009	As at 31 March 2008
I. Assets		
1. Fixed assets	1.09	0.96
2. Current assets, Loans and Advances		
Cash and Bank Balances	0.54	0.59
3. Loss being excess of expenses over income	0.19	0.12
II. Liabilities		
1. Share capital	1.81	1.39
2. Unsecured Loan	0.01	0.28
III. Income	-	-
IV. Expenses	0.07	0.02

6. The fund based and non fund based facility of Rs 400 crore (2008: Rs 200 crore) from bank is secured by pledge of specific investments and a subservient charge on the entire current assets, present and future.
7. Matured fixed deposits of Rs 0.08 crore (2008: 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.
8. Retirement benefits:
(a) Defined benefit plan – Long term fund : Gratuity

The Company has constituted a trust recognized by Income Tax authorities for gratuity to employees, contributions to the trust are funded with Life Insurance Corporation of India. In accordance with revised AS-15 'Employee Benefits', the company has provided the liability on actuarial basis. As per the actuarial certificate (on which auditors have relied), the details of the employees' benefits plan – gratuity are:

Actuarial assumptions	31.03.09	31.03.08	31.03.07
Salary growth	5%	5%	5%
Discount rate	7.50%	7.50%	7.50%
Expected rate of return on plan assets	9.45%	9.10%	8.40%
Amount recognised in the income statement	Rs in crore	Rs in crore	Rs in crore
Current service cost	4.54	4.30	3.56
Interest cost	6.58	5.64	5.02
Expected return on plan assets	(7.56)	(6.30)	(5.21)
Net actuarial loss/(gain) recognised in the period	2.72	3.99	3.22
Total	6.28	7.63	6.59
Movement in the present value of defined benefit obligation	Rs in crore	Rs in crore	Rs in crore
Obligation at the beginning of the year	87.71	75.29	66.94
Interest cost	6.58	5.64	5.02
Current service cost	4.54	4.31	3.56
Benefits paid	(3.48)	(1.81)	(3.56)
Actuarial loss/(gain) on obligation	2.98	4.28	3.34
Obligation at the end of the year	98.33	87.71	75.29

Schedule Annexed to and Forming Part of the Accounts continued

For the year ended 31 March 2009

18. Notes continued

Movement in the present value of plan assets	Rs in crore 31.03.09	Rs in crore 31.03.08	Rs in crore 31.03.07
Fair value at the beginning of the year	80.00	69.26	62.02
Expected return on plan assets	7.56	6.30	5.21
Contributions	7.45	5.96	5.48
Benefits paid	(3.48)	(1.81)	(3.56)
Actuarial loss/(gain) on plan	0.26	0.29	0.12
Funded status	91.79	80.00	69.26

Expected returns on plan assets	31.03.09		31.03.08		31.03.07	
	Fair value of assets	Expected return %	Fair value of assets	Expected return %	Fair value of assets	Expected return %
Class of assets						
– Life Insurance Corporation	91.79	9.45%	80.00	9.10%	69.26	8.40%

Amounts recognised in the balance sheet	Rs in crore 31.03.09	Rs in crore 31.03.08	Rs in crore 31.03.07
Present value of obligation at the end of the year	98.33	87.71	75.29
Fair value of plan assets at the end of the year	91.79	80.00	69.26
Funded status	(6.54)	(7.71)	(6.03)
Excess of actual over estimated	0.26	0.29	0.12
Net asset/(liability) recognised in the balance sheet	(6.54)	(7.71)	(6.03)

(b) Defined contribution plan : Provident Fund

Contribution to defined contribution scheme such as provident fund etc. are charged to profit and loss account as incurred. 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.

(c) Short term benefit plan: Leave encashment

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

(d) In the absence of detailed information regarding Plan Assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the total fair value of plan assets has not been disclosed. 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 received from Charan Gupta Consultants Pvt Ltd. and hence, are not furnished.

9. Excise duty:

	(Rs in crore)	
	2009	2008
a) Excise duty shown as a reduction from turnover	461.20	859.14
Total	461.20	859.14
b) Excise duty charged to profit and loss account		
i) – difference between closing and opening stock	(8.37)	(20.54)
ii) – shortages, etc.	0.13	2.84
Total	(8.24)	(17.70)

18. Notes continued**10. Earnings per share (EPS):**

Particulars	2009	2008
Net profit after taxation for the year (Rs in crore)	2727.61	4396.07
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)	64.55	104.04

11. Segment reporting**Segment Information for the year ended 31 March 2009**

Particulars	(Rs In Crore)			
	Zinc & Lead 31.03.2009	Others 31.03.2009	Unallocated 31.03.2009	Total 31.03.2009
Revenue				
External sales	5,602.97	77.30	-	5,680.27
Inter Segment Sales	-	-	-	-
Total Revenue	5,602.97	77.30	-	5,680.27
Results				
Segment result	2,567.73	33.20	-	2,600.93
Unallocated Corporate Income net of unallocated Expenses			-	779.18
Interest Expense			-	(21.87)
Net Profit before tax			-	3,358.24
Other information				
Segment Assets	5,749.04	507.98	9,668.93	15,925.95
Segment Liabilities	796.73	5.70	568.21	1,370.64
Capital Expenditure	1,317.92	21.56	-	1,339.48
Depreciation	223.97	60.84	0.46	285.27
Non-cash expenses other than Depreciation	-	-	-	-

(ii) Information about Secondary Business Segments

Particulars	India		Outside India	Total
	India	Outside India	Outside India	
Revenue by geographical market on FOB basis	3,645.04	2,035.23		5,680.27
Inter-Segment	-	-	-	-
Total	3,645.04	2,035.23		5,680.27
Carrying amount of segment assets	15878.56	47.39		15925.95
Additions to Fixed Assets	1339.48	-		1339.48

Schedule Annexed to and Forming Part of the Accounts continued

For the year ended 31 March 2009

18. Notes continued

(iii) Note :

a) Business Segment :

The Company is engaged in the business of mining and smelting of zinc and lead 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 within India includes sales to customers located within India and earnings in India.
- Revenue outside India includes sales to customers located outside India and earnings outside India.

12. 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 ¹ Monte Cello BV ¹ Copper Mines of Tasmania Pty Limited Thalanga Copper Mines Pty Limited ¹ Konkola Copper Mines Plc Sterlite Energy Limited ¹ Sterlite Gold Limited ¹ Sterlite (USA) Inc. ¹ Fujairah Gold FZE ¹ Talwandi Sabo Power Limited Sesa Goa Limited Sesa Industries Limited ¹ The Madras Aluminum Company Limited Vedanta Aluminum Limited
(iii) Associate companies		India Foils Limited ¹
(iv) Joint Venture		Madanpur South Coal Company Limited
(v) Key personnel		Mr MS Mehta, Mr Akhilesh Joshi*

¹ No transactions during the year.
* With effect from 21 October 2008.

18. Notes continued

b. Transactions with related parties:

Nature of transaction	(Rs in crore)											
	Holding company		Fellow subsidiaries		Associate companies		Key personnel		Joint Venture		Total amount	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Purchase of goods	-	0.06 ²	16.72 ³	9.94 ⁴	-	-	-	-	-	-	16.72	10.00
Sale of goods ²	42.10	126.31	-	-	-	-	-	-	-	-	42.10	126.31
Dividend ¹	68.58 ²	137.16 ³	-	-	-	-	-	-	-	-	68.58	137.16
Personnel Services	43.57 ²	29.13 ²	0.13	-	-	-	-	-	-	-	43.70	29.13
Apportionment of common group expenses ²	33.24	26.65	-	-	-	-	-	-	-	-	33.24	26.65
Remuneration – Key personnel	-	-	-	-	-	-	1.82	1.24	-	-	1.82	1.24
Investment in Joint Venture:												
Madanpur South Coal Company Limited	-	-	-	-	-	-	-	-	0.14	0.33	0.14	0.33
Debtors balance:												
Sterlite Industries (India) Limited	-	1.73	-	-	-	-	-	-	-	-	-	1.73
Konkola Copper Mines Plc	-	-	0.43	-	-	-	-	-	-	-	0.43	-
Vedanta Aluminium Limited	-	-	-	1.13	-	-	-	-	-	-	-	1.13
Sesa Goa Limited	-	-	-	0.22	-	-	-	-	-	-	-	0.22
Madanpur South Coal Company Limited	-	-	-	-	-	-	-	-	-	0.28	-	0.28
Sterlite Energy Limited	-	-	-	-	-	-	-	-	-	-	-	-
Vedanta Resources Plc. U. K	0.08	0.65	-	-	-	-	-	-	-	-	0.08	0.65
Creditors balance:												
Copper Mines of Tasmania Pty Ltd	-	-	0.01	-	-	-	-	-	-	-	0.01	-
Bharat Aluminium Company Limited	-	-	1.28	0.71	-	-	-	-	-	-	1.28	0.71

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
4 represents transaction with Bharat Aluminium Company Limited

Schedule Annexed to and Forming Part of the Accounts continued

For the year ended 31 March 2009

18. Notes continued

13. Financial and derivative instruments disclosure

a) The Following are the outstanding Forward Exchange Contracts entered into by the Company as at 31 March 2009.

As at 31 March 2009				As at 31 March 2008			
Currency	Amount	Buy/Sell	Cross Currency	Currency	Amount	Buy/Sell	Cross Currency
US Dollar	28000000	Sell	Indian Rupees	US Dollar	115000000	Sell	Indian Rupees
Euro	18187971	Buy	US Dollar	Euro	843351	Buy	Indian Rupees
Euro	120379	Buy	Indian Rupees	US Dollar	2138926	Buy	Indian Rupees
US Dollar	1182750	Buy	Indian Rupees	AUD	34255	Buy	Indian Rupees
AUD	457399	Buy	US Dollar	CAD	589209	Buy	Indian Rupees
AUD	34255	Buy	Indian Rupees	EURO	8413405	Buy	US Dollar
CAD	2069497	Buy	US Dollar	GBP	285030	Buy	US Dollar
SEK	308117	Buy	Indian Rupees				
JPY	61293357	Buy	US Dollar				

b) For hedging commodity related risks: – Zinc forwards/futures sale for 3775 MT (2008: 6625 MT),
– Lead forwards/futures sale for nil MT (2008: 5200 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 March 2009	As at 31 March 2008
Debtors	47.39	93.64
Creditors	5.05	2.36

14. Deferred taxes:

Breakup of deferred tax assets/liabilities:

Particulars	(Rs in crore)	
	As at 31 March 2009	As at 31 March 2008
i) Deferred tax asset:		
– Voluntary retirement expenditure	1.32	3.24
– On cash flow hedges	10.91	–
– On timing differences on expenses	0.29	–
	12.52	3.24
ii) Deferred tax liability:		
– Related to fixed assets	540.79	437.57
– On investments	18.73	25.35
– Others	11.86	–
	571.38	462.92
Net deferred tax asset/(liability)	(558.86)	(459.68)

15. Intangible assets represents Rs 98.41 crore (2008: 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 (2008: Rs 4.67 crore.), cumulative Rs 37.71 crore (2008: Rs 33.04 crore).
16. 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 104.41 crore (2008 Rs: 351.84 crore) above their cost and the profit before tax being lower by Rs 247.43 crore (2008 higher by Rs 220.74 crore).

17. Details of capacity and production¹

Product	Unit	Installed capacity		Actual production	
		2009	2008	2009	2008
Main product					
Zinc metals	MT	669,000	581,000	551,724	426,323
Lead metals	MT	93,000	93,000	65,332²	63,566 ²
Power from wind energy	MW	123	107	26	11
By product					
Silver	Kg.	162,000	132,000	105,055	80,405
Sulphuric acid	MT	1,338,496	1,280,996	954,269	753,966
Cadmium metals	MT	833	833	471	537
Copper cathode	MT	2,100	2,100	-	-

¹ As certified by management

² Production includes high silver lead 5009 MT (2008 : 5319 MT)

Schedule Annexed to and Forming Part of the Accounts continued

For the year ended 31 March 2009

18. Notes continued

Particulars regarding opening stock, sales and closing stock of goods produced

Product	Unit	(Value Rs in crore)			
		Quantity		Value	
		2009	2008	2009	2008
Opening stock					
Zinc metals	MT	912	138	4.75	1.48
Lead metals	MT	902	530	3.84	1.85
Silver	Kg.	424	2,001	0.99	3.69
Sulphuric acid	MT	39,695	5,432	16.70	0.82
Cadmium metals	MT	8	2	0.32	0.05
Others		–	–	0.09	–
				26.69	7.89
Sales¹					
Zinc metals	MT	552,330	425,532	4,265.77	6,074.85
Lead metals	MT	60,564	58,298	574.60	832.67
Silver	Kg.	103,125	81,982	209.89	158.31
Sulphuric acid	MT	974,587	651,592	480.71	215.53
Cadmium metals	MT	477	531	13.57	18.76
Wind Energy	MW	26	11	77.78	32.24
Zinc & Lead concentrate	DMT	132,748	297,214	454.67	1,277.25
Others				64.48	127.30
				6,141.47	8,736.91
Closing stock					
Zinc metals	MT	284	912	1.04	4.75
Lead metals	MT	585	902	0.21	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		–	–	2.21	0.09
				9.42	26.69

¹ Excludes transit shortage of zinc 22 MT(2008:17 MT) fully recovered, internal consumption of high silver lead 5080 MT (2008:4894) and transit loss 5 MT(2008: 2 MT) fully recovered and sulphuric acid used during trial run of Roaster nil MT(2008: 68111 MT)

Schedule Annexed to and Forming Part of the Accounts continued

For the year ended 31 March 2009

18. Notes continued

20. CIF Value of imports

	(Rs in crore)	
	2009	2008
Components, stores and spare parts	315.51	187.76
Capital goods	159.90	189.66
	475.41	377.42

21. Expenditure in foreign currency

	(Rs in crore)	
	2009	2008
Consultancy	48.45	57.23
Travelling expenses	0.62	0.43
Interest	–	1.16

22. Earning in foreign exchange

	(Rs in crore)	
	2009	2008
Export of goods on F.O.B. basis	2035.23	2,257.48

23. Sundry Creditors includes due to Micro, Small and Medium Enterprises Rs 0.32 Crore (2008: Rs 0.60 Crore). The aforesaid information is on the basis of information available with the Company from parties. There is no interest paid/payable as at 31 March 2009

24. 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: 22 April 2009
Place: Mumbai

Financial Highlights

Particulars	(Rs in crore)				
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Turnover	2,202	3,877	8,560	7,878	5,680
Profit before depreciation, interest, tax, (PBDIT)	1,018	2,418	6,639	6,231	3,665
Tax	272	757	2,012	1,589	631
Profit after tax (PAT)	655	1,472	4,442	4,396	2,728
Gross Block	2,855	3,048	4,135	5,647	6,964
Net Block	1,844	1,918	2,871	4,163	5,213
Share Capital	423	423	423	423	423
Reserves & Surplus	1,655	3,007	7,205	11,426	13,935
Net Worth	2,078	3,430	7,627	11,849	14,357
Total Debt	571	558	0	0	9
Capital Employed	2,625	3,988	7,627	11,849	14,366
Return on capital employed (%)	35.38	57.10	84.98	50.72	23.53
Earning per Share (Rs)	15.51	34.85	105.12	104.04	64.55
Dividend per Share (Rs)	1.75	2.50	5.00	5.00	4.00
Book Value per Share (Rs)	49.17	81.17	180.51	280.41	339.80



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