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## Hindustan Zinc Limited

### Results for the Third Quarter and Nine Months Ended 31 December 2008

#### Highlights

- Strong operating performance - highest ever quarterly production
- Despite 40% increase in volumes, profits adversely impacted due to sharp decline in zinc LME prices
- Expansion projects on track to make HZL the world's largest integrated zinc – lead producer
- HZL received the coveted “Asian CSR Excellence Award – 2008” from Asian Institute of Management, Manila, Philippines.

**Mumbai, 21 January 2009:** Hindustan Zinc Limited (“HZL” or “the Company”) today announced its results for the third quarter (“Q3”) and nine months ended (“nine months period”) 31 December 2008. Revenues and net profit for Q3 were Rs 1,031 crore and Rs 369 crore respectively. For the nine months period, revenues and net profit were Rs 4,418 crore and Rs 2,176 crore respectively.

#### Unaudited Financial Summary

*(in Rs crore, except as stated)*

	Quarter ended 31 December		Change	Nine months ended 31 December		Change
	2008	2007		2008	2007	
Net Sales/Income from operations	1,031	1,658	(38)%	4,418	5,612	(21)%
Profit After Taxes	369	834	(56)%	2,176	3,214	(32)%
Earnings Per Share (Rs.)	8.73	19.74		51.50	76.06	
Production – Mined Metal (Tonne)						
Zinc	170,780	135,891	26%	476,056	413,449	15%
Lead	20,904	19,037	10%	61,536	56,704	9%
Production – Saleable Metal (Tonne)						
Zinc	151,735	104,093	46%	401,180	290,832	38%
Lead	14,804	14,526	2%	44,632	41,258	8%
Silver (in kgs)	24,722	20,118	23%	69,879	56,566	24%

The Company achieved its highest ever quarterly production in Q3 for both mined and saleable metal. During Q3, HZL produced 191,684 tonnes of mined metal and 166,539 tonnes of saleable metal, an increase of 24% and 40% respectively as compared with the corresponding prior quarter. For the nine months period, mined and saleable metal production was 537,592 tonnes and 445,812 tonnes respectively, an increase of 14% and 34% over the corresponding prior period.

During Q3, saleable silver metal production was at 24,722 kilograms, an increase of 23% compared with the corresponding prior quarter. For the nine months period, saleable silver metal production was 69,879 kilograms, an increase of 24% compared with the corresponding prior period.

The positive impact of increased volume and rupee depreciation was more than offset by the sharp decline in the zinc LME prices of nearly 55%. Average LME price for zinc and lead during Q3 was \$1,189 and \$1,251 respectively, compared with \$2,646 and \$3,262 in the corresponding prior quarter.

The cost of production during Q3 was higher on account of higher input costs of coal, petroleum products, and met coke and lower realization from the sale of by - products. However, towards the end of Q3, the downward trend in the unit cost of key inputs became visible, and is expected to lower the cost of production going forward.

### **Progress on ongoing expansion projects**

The construction activities at the 210,000 tpa zinc smelter and 100,000 lead smelter at Rajpura Dariba with its associated 160 MW captive power plant is progressing well and as per schedule for completion by end 2009. Progress of work at the mining projects at Rampura Agucha, Sindesar Khurd and Kayar is on schedule.

Post completion of these projects, HZL will be the world's largest integrated zinc - lead producer with a total capacity of 1,064,000 tonnes.

### **Investment**

Cash and cash equivalents on 31 December 2008 was Rs 9,317 crores. This includes Rs 6,187 crores in debt mutual funds and Rs 3,105 cores in fixed deposits with banks. The Company also has a strong internal control mechanism that includes monthly review and monthly confirmation of balances lying with these institutions. The quality of investments is being independently reviewed by Credit Rating Information Services of India Limited (CRISIL).

### **For further information, please contact:**

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### **About Hindustan Zinc**

HZL is India's leading integrated producer of zinc and is among the world's leading integrated producers. It has a metal production capacity of 754,000 tonnes per annum with its smelter operations situated in Chanderiya, Debari and Visakhapatnam. HZL has lead-zinc mines in Rajpura Dariba, Rampura Agucha, Sindesar Khurd and Zawar. HZL has approximately 6,400 employees. The company is a subsidiary of the NYSE listed, Sterlite Industries (India) Limited (NYSE: SLT) and London listed FTSE 100 diversified metals and mining major, Vedanta Resources plc.

### **Disclaimer**

This press release 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 that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.