

Hindustan Zinc Limited

Results for the Quarter Ended June 30, 2017

***“EBITDA up by 113% & Net Profit by 81% y-o-y
Zinc and lead Metal production higher by 81% y-o-y”***

Highlights

- Mined metal production at 233kt; up 84% y-o-y
- Integrated silver production at 115 MT; up 30% y-o-y
- Integrated zinc-lead metal production of 228kt; up 81% y-o-y
- EBITDA at Rs. 2,404 Crore, up 113% y-o-y

Mumbai, July 20, 2017: Hindustan Zinc Limited today announced its results for the first quarter ended June 30, 2017.

Mr. Agnivesh Agarwal, Chairman –

“I am pleased to see a robust start to the new financial year. Our underground mines delivered their highest ever volumes this quarter, underpinning our smooth transition to an entirely underground mining company. Zinc prices strengthen towards the quarter-end on continued supply deficits and declining inventories of Zinc, we look forward to setting new benchmarks this year.”

Financial Summary

(In Rs. Crore, except as stated)

Particulars	Q1			Q4
	2018	2017	Change	2017
Net Sales/Income from Operations				
Zinc	3,779	1,920	97%	5,138
Lead	595	340	75%	851
Silver	435	360	21%	563
Others	152	150	1%	118
Total	4,961	2,770	79%	6,671
EBITDA	2,404	1,130	113%	3,770
Profit After Taxes	1,876	1,037	81%	3,057
Earnings per Share (Rs.)	4.44	2.45	81%	7.23
Mined Metal Production ('000 MT)	233	127	84%	312
Refined Metal Production ('000 MT)				
Integrated Refined Metal				
Zinc	194	101	91%	215
Saleable Lead ¹	35	25	42%	45
Zinc & Lead	228	126	81%	260
Saleable Silver ^{2,3} (in MT)	115	89	30%	139
Wind Power (in million units)	156	148	5%	75
Zinc CoP without Royalty (Rs. / MT)	62,698	61,440	2%	53,226
Zinc CoP without Royalty (\$ / MT)	973	918	6%	794
Zinc LME (\$ / MT)	2,596	1,918	35%	2,780
Lead LME (\$ / MT)	2,161	1,719	26%	2,278
Silver LBMA (\$ / oz.)	17.2	16.8	2%	17.4
USD-INR (average)	64.46	66.93	-4%	67.01

(1) Excluding captive consumption of 1,956 MT in Q1 FY2018 as compared with 1,084 MT in Q1 FY 2017 and 1,633 MT in Q4 FY 2017

(2) Excluding captive consumption of 10.25 MT in Q1 FY2018 as compared with 5.5 MT in Q1 FY 2017 and 8.7 MT in Q4 FY 2017

(3) Silver occurs in Lead & Zinc ore and is recovered in the smelting and silver-refining processes

Note: Numbers may not add up due to rounding off; historical numbers may have changed due to regrouping

Operational Performance

Mined metal production of 233kt during the quarter was achieved, up 84% y-o-y. The increase was primarily on account of higher volumes from all mines, higher zinc grade and depletion of opening ore stock.

Integrated zinc metal production during the quarter was at 194kt, up 91% y-o-y. Integrated saleable lead metal production during the quarter was at 35kt, up 42% y-o-y. The increase was in line with availability of mined metal, supported by smelter efficiencies. Integrated saleable silver production during the quarter was 115 MT, up 30% y-o-y due to higher grade and volume from Sindesar Khurd mine.

Financial Performance

Revenues during the quarter were Rs. 4,961 Crore, up 79% y-o-y on account of strong zinc & lead prices and higher volume.

The zinc metal cost of production per MT before royalty (COP) during the quarter was at Rs. 62,698 (\$973), higher by 2% y-o-y (6% in dollar terms). The increase was due to substantial increase in coal & commodity prices and lower acid realization, offset by higher volumes.

The above revenue and cost of production resulted in a 113% increase in EBITDA during the quarter to Rs. 2,404 Crore.

During the quarter, net profit increased by 81% y-o-y to Rs. 1,876. The impact of higher EBITDA was partly offset by lower investment income on a smaller investment corpus post dividend pay-out and interest cost on temporary Commercial Paper.

Expansion Projects

Capital mine development increased by 82% y-o-y and 28% q-o-q to 8,828 meters during the quarter.

At Rampura Agucha during the quarter, the equipping of the main shaft was completed and winder will be commissioned in the current quarter. Order for Ventilation fans was placed with commissioning targeted by end of the financial year, in line with return air drive development. We expect the production from the shaft to start in Q3 FY19.

Sindesar Khurd mine main shaft headgear erection was completed and preparatory works for equipping is in progress. We expect commissioning of winder system by Q1 FY 19 and production from the shaft to start in Q2 FY19. During the quarter we awarded order to L&T for a new mill of 1.5 mtpa capacity, to take total capacity to 5.8 mtpa. Excavation work for mill has started in full swing with targeted commissioning by Q2 next year.

In Zawar mine raise boring machines were mobilized for ventilation raises at Balaria and Mochia mines and work was commenced. Zawar mill debottlenecking project, now upgraded to 2.7 mtpa, will be completed by this quarter and associated power upgradation project was completed during the quarter. We are now upgrading Zawar to the status of a mega mining complex based on revised R&R potential and have increased focus on our exploration program for Zawar.

The fumer project is progressing as per schedule and expected to complete by mid FY 2019. All long lead items are ordered and civil works are in full swing.

Outlook

The Company maintains its volume guidance given in April with Dollar COP (excluding royalty) to be slightly higher than previous year and are on track to reach mined metal capacity of 1.2 mtpa in FY 2020.

Liquidity and investment

The Company's net cash and cash equivalents was Rs. 16,998 Crore as at June 30, 2017 which is excluding Rs. 6,959 Crore of short term commercial paper. The gross investments were Rs. 23,957 Crore in high quality debt instruments.

Earnings Call on Thursday, July 20, 2017 at 4:00 pm (IST)

The Company will hold an earnings conference call on Thursday, July 20, 2017 at 4:00 pm IST, where senior management will discuss the Company's results and performance. The dial in numbers for the call is:

Dial In: +91 22 3960 0762

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About Hindustan Zinc

Hindustan Zinc (NSE & BSE: HINDZINC) is the one of the largest integrated producers of zinc-lead with a capacity of 1.0 million MT per annum and a leading producer of silver. The Company is headquartered in Udaipur, Rajasthan in India and has zinc-lead mines at Rampura Agucha, Sindesar Khurd, Rajpura Dariba, Zawar and Kayad; primary smelter operations at Chanderiya, Dariba and Debari, all in the state of Rajasthan; and finished product facilities in the state of Uttarakhand.

Hindustan Zinc has a world-class resource base with total reserve & resource of 404.4 million MT and average zinc-lead reserve grade of 8.9%. The Company has a track record of consistently growing its reserve & resource base since 2003 and currently has a mine life of over 25 years.

The Company is self-sufficient in power with an installed base of 474 MW coal-based captive power plants. Additionally, it has green power capacity of 325 MW including 274 MW of wind power and 35 MW of waste heat power and 16 MW of solar power. The Company has an operating workforce of nearly 19,000 including contract workforce.

Hindustan Zinc is a subsidiary of the BSE and NSE listed Vedanta Limited (formerly known as Sesa Sterlite Limited; ADRs listed on the NYSE), a part of London listed Vedanta Resources plc, a global diversified natural resources company.

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 than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.