

Hindustan Zinc Limited

Results for the Third Quarter and Nine Months Ended December 31, 2018

*“EBITDA up 23% sequentially led by higher metal production;
Record Silver and Lead volumes”*

Highlights for the quarter

- Mined metal production at 247kt, underground mined metal up 38% y-o-y and 6% q-o-q
- Record refined silver production at 178MT, up 34% y-o-y and 3% q-o-q
- Record refined lead production at 54kt, up 18% y-o-y and 10% q-o-q

9M Highlights

- Mined metal production at 691kt; Underground mined metal up 31%
- Refined lead at 145kt, up 23%
- Refined silver at 488 MT, up 26%

Mumbai, January 21, 2019: Hindustan Zinc Limited today announced its results for the third quarter and nine months ended December 31, 2018.

Mr. Agnivesh Agarwal, Chairman –

“The all-round performance of our underground mines has been gratifying. As our ongoing projects are approaching completion, we are set to reach design capacity of 1.2 million MT per annum in the coming quarters. I am also delighted by the substantial increase in silver production which we expect to continue next year as well.”

Financial Summary

Particulars	Q3			Q2		9M		
	2019	2018	Change	2019	Change	2019	2018	Change
Sales								
Zinc	3,841	4,431	-13%	3,131	23%	10,786	11,787	-8%
Lead	826	788	5%	794	4%	2,350	1,957	20%
Silver	677	519	30%	599	13%	1,824	1,476	24%
Others	196	184	7%	252	-22%	667	1024	-35%
Total	5,540	5,922	-6%	4,777	16%	15,627	16,244	-4%
EBITDA	2,851	3,284	-13%	2,315	23.2%	7,950	8,719	-9%
Profit After Taxes	2,211	2,298	-4%	1,815	22%	5,944	6,771	-12%
Earnings per Share (Rs., not annualised)	5.23	5.44	-4%	4.30	22%	14.07	16.03	-12%
Mined Metal Production ('000 MT)	247	240	3%	232	6%	691	693	0%
Refined Metal Production ('000 MT)								
Total Refined Metal								
Zinc	188	200	-6%	162	16%	522	585	-11%
Saleable Lead ¹	54	46	18%	49	10%	145	118	23%
Zinc & Lead	242	245	-1%	212	14%	667	704	-5%
Saleable Silver ^{2,3} (in MT)	178	132	34%	172	3%	488	387	26%
Wind Power (in million units)	48	57	-16%	185	-74%	372	356	4%
Zinc CoP without Royalty (Rs. / MT)	71,855	66,118	9%	72,449	-1%	71,442	64,079	11%
Zinc CoP without Royalty (\$ / MT)	997	1022	-3%	1034	-4%	1025	994	3%
Zinc LME (\$ / MT)	2,631	3,236	-19%	2,537	4%	2,756	2,935	-6%
Lead LME (\$ / MT)	1,964	2,492	-21%	2,104	-7%	2,150	2,331	-8%
Silver LBMA (\$ / oz.)	14.5	16.7	-13%	15.0	-3%	15.4	16.9	-9%
USD-INR (average)	72.11	64.74	11%	70.03	3%	69.68	64.49	8%

- (1) Excluding captive consumption of 1,554 tonnes in Q3 FY2019 vs 1,786 tonnes in Q3 FY2018 and 1,799 tonnes in Q2 FY2019
(2) Excluding captive consumption of 8.081 tonnes in Q3 FY2019 vs. 9.275 tonnes in Q3 FY2018 and 9.175 tonnes in Q2 FY2019
(3) Silver occurs in Lead & Zinc ore and is recovered in the smelting and silver-refining processes.
(4) Numbers may not add up due to rounding off.

Operational Performance

Total mined metal production in Q3 FY2019 was up 6% sequentially and up 3% y-o-y to 247kt, driven by strong increase in underground ore production and improvement in ore grades. Mined metal production from underground mines continued its upward trajectory, up 6% sequentially and 38% y-o-y, with continued ramp up of Rampura Agucha, Rajpura Dariba and Zawar mines.

Mined metal production from underground mine was 691kt on a YTD basis, 31% higher from a year ago on account of higher ore production and grades, even as the closure of open-cast operations caused total mined metal production to remain flat y-o-y.

Integrated metal production was 242kt in Q3, up 14% sequentially with both zinc and lead production posting strong gains driven by higher mined metal availability, while metal production was down 1% from a year ago. Integrated zinc production was 188kt, up 16% sequentially on account of higher mine output and improved mined metal availability while it was down 6% y-o-y due to higher lead ratio in ore. Integrated lead production increased by 10% sequentially and 18% y-o-y to a record 54kt due to higher mine output as well as higher production from Chanderiya pyro-metallurgical smelter. Integrated silver production was a record 178 MT, up 3% sequentially and 34% y-o-y on account of higher lead production and better silver grades.

Integrated metal production YTD was 667kt, down 5% y-o-y. Integrated lead and silver production were at 145kt and 488 MT, higher by 23% y-o-y and 26% y-o-y respectively driven by higher lead mined metal production and better silver grades. Integrated zinc production at 522kt was lower y-o-y by 11% due to higher lead ratio in ore.

Financial Performance

Revenue from operations during the quarter was Rs. 5,540 Crore, an increase of 16% sequentially primarily due to higher metal volume and rupee depreciation. Revenues were lower by 6% from a year ago on account of lower metal prices, partly offset by rupee depreciation.

YTD revenues were flat y-o-y with higher lead & silver volumes and rupee depreciation, offset by lower metal prices and zinc volume.

The cost of production before royalty (COP) for zinc during the quarter was \$997 (Rs. 71,855), improving by 4% (1% in Rs) from previous quarter and improving by 3% y-o-y (higher by 9% in Rs). The sequential improvement was primarily on account of higher volume, operational efficiency and lower diesel costs partly offset by higher mine development expense. The y-o-y improvement was mainly on account of higher acid credits.

YTD COP was higher by 3% (11% in Rs) at \$1025 (Rs. 71,442) and was impacted by higher mine development, higher commodity prices, LTS related expense and rupee depreciation (in case of rupee COP), partly offset by higher acid credits.

The resultant EBITDA for the quarter was Rs. 2,851 Crore, up 23% sequentially and down 13% y-o-y while YTD EBITDA decreased by 9% y-o-y to Rs. 7,950 Crore.

Net Profit for the quarter was Rs. 2,211 Crore, up 22% sequentially and down 4% y-o-y while YTD net profit was down by 12% y-o-y to Rs. 5,944 Crore in line with EBITDA, higher treasury income and higher depreciation, partly offset by lower tax rate.

Outlook

With the ongoing ramp-up of underground mines, mined metal production in FY 2019 is expected to be slightly higher than last year, in line with the annual guidance provided earlier. Refined zinc-lead production will be in sync with mined metal production and slightly short of last year's production. The guidance of FY 2019 silver production to be in the range of 650 to 700 MT is reiterated.

Zinc COP before royalty is projected to be in the range of USD 950 to 975 per MT in H2 FY 2019, as guided earlier. The project capex for the year will be around US\$350 million.

Expansion Projects

Update on ongoing expansion projects

The announced mining projects are progressing in line with the expectation of reaching 1.2 million tonnes per annum of mined metal capacity in FY2020.

Capital mine development increased by 12% y-o-y to 10.8 km during the quarter and by 10% to 31 km YTD.

Sindesar Khurd mine achieved highest ever total mine development at 5.87 km during the quarter. The new 1.5 mtpa mill accomplished smooth commissioning and produced its first concentrate during the quarter. The production shaft work is reaching completion and commissioning is expected in the current quarter.

Rampura Agucha underground mine achieved record mine development of 6.94 km during the quarter. The commissioning of mid shaft loading system in October 2018 allowed waste hoisting to be done through the shaft ahead of schedule, leading to improvement in ore production from RA underground. The full shaft commissioning is expected to complete by Q2 FY2020 synchronising with completion of crusher and conveyor system.

At **Zawar**, completion of the new 2 mtpa mill is on track and expected to commission in the current quarter.

The **Fumer project** at Chanderiya is expected to commission in the current quarter.

Planning for the next phase of expansion from 1.2 to 1.35 mtpa mined metal capacity announced in April 2018 is underway.

Other projects

22 MW solar plant was commissioned at Rampura Agucha during the quarter taking the total solar capacity to 38 MW.

25 MLD Sewage Treatment Project was commissioned at Udaipur taking the total capacity to 45 MLD which will help improve water availability at Dariba and treat over half of Udaipur city's sewage.

Liquidity and investment

As on December 31, 2018, the Company's cash and cash equivalents was Rs. 17,462 Crore before repayment of short-term borrowings taken for payment of interim dividend in November 2018. The net cash and cash equivalents was Rs. 12,528 Crore. The investment portfolio is invested in high quality debt instruments and is rated "Tier -I" (implying Highest Safety) by CRISIL.

Earnings Call on Monday, January 21, 2019 at 4:00 pm (IST)

The Company will hold an earnings conference call on Monday, January 21, 2019 at 4:00 pm IST, where senior management will discuss the Company's results and performance.

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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 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 324 MW including 274 MW of wind power, 16 MW of solar power and 35 MW of waste heat power. The Company has an operating workforce of nearly 17,600 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 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.

Hindustan Zinc Limited

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