

# Hindustan Zinc Limited

## Results for the First Quarter Ended June 30, 2015

*“Mined metal production up 42%, EBITDA up 24%”*

### Highlights

- Mined metal production up by 42% y-o-y at 232,162 MT
- Integrated saleable zinc, lead and silver metal production up by 35%, 27% and 33% y-o-y respectively
- EBITDA up 24% y-o-y at 1,672 Crore

**Mumbai, July 20, 2015:** Hindustan Zinc Limited today announced its results for the first quarter ended June 30, 2015.

**Mr. Agnivesh Agarwal, Chairman** – *“Zinc price has held up better in an environment of retreating base metal prices. We anticipate later part of the year to be stronger on expectation of global zinc deficit due to mine closures. Indian manufacturing sector is showing signs of recovery with improved order books and flow of funds backed by Government initiatives, thus providing a positive outlook for the industry.”*

### Financial Summary

(In Rs. Crore, except as stated)

Particulars	Q1			Q4
	2016	2015	Change	2015
<b>Net Sales/Income from Operations</b>				
Zinc	2,787	2,057	36%	3,206
Lead	411	452	-9%	470
Silver	259	318	-18%	273
Others	139	136	2%	124
Total	3,596	2,963	21%	4,073
<b>EBITDA</b>	1,672	1,352	24%	1,978
Profit After Taxes	1,921	1,618	19%	1,997
<b>Earnings per Share (Rs.)</b>	4.55	3.83	19%	4.73
<b>Mined Metal Production ('000 MT)</b>	232	163	42%	269
<b>Refined Metal Production ('000 MT)</b>				
Total Refined Zinc	187	141	33%	217
- Refined Zinc – Integrated	187	139	35%	217
Total Saleable Refined Lead <sup>1</sup>	31	31	0%	36
- Saleable Lead – Integrated	27	22	27%	33
Total Refined Saleable Silver <sup>2,3</sup> (in MT)	75	82	-8%	81
- Saleable Silver – Integrated	74	56	33%	74
Wind Power (in million units)	127	146	-13%	73
Zinc CoP without Royalty (Rs. / MT) <sup>4</sup>	50,955	59,419	-14%	50,831
Zinc CoP without Royalty ( \$ / MT)	802	995	-19%	820
Zinc LME ( \$ / MT)	2,190	2,074	6%	2,080
Lead LME ( \$ / MT)	1,942	2,096	-7%	1,806
Silver LBMA ( \$ / oz.)	16.4	19.6	-16%	16.7
USD-INR	63.5	59.8	6%	62.2

(1) Excluding captive consumption of 2,184 MT in Q1 FY 2016 as compared with 1,689 MT in corresponding prior period.

(2) Excluding captive consumption of 11.3 MT in Q1 FY 2016 as compared with 8.8 MT in corresponding prior period.

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

(4) Historical CoP has changed due to re-allocation of administrative expenses between zinc and lead.

Note: Numbers may not add up due to rounding off.

#### Hindustan Zinc Limited

Registered Office: Yashad Bhawan, Udaipur (Rajasthan) - 313 004

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CIN: L27204RJ1966PLC001208

## Operational Performance

### Production

Mined metal production increased by 42% at 232,162 MT during the quarter, as compared with 163,131 MT a year ago. The increase was driven primarily by higher ore production from Rampura Agucha, Kayad and Sindesar Khurd mines. Mined metal production was lower by 14% sequentially, in-line with the mine plan.

Integrated saleable zinc, lead and silver metal production during the quarter increased by 35%, 27% and 33% respectively compared to a year ago, though the growth was slightly lower than that of mined metal production and will be made up in the next quarter. Integrated metal production of zinc and lead was lower by 14% and 17% respectively from Q4 FY 2015 on account of planned shutdowns.

In FY 2016, mined metal production is expected to be higher from FY 2015, while integrated refined metal production, including silver, will be significantly higher, as per earlier guidance.

### Cost of Production (COP)

The zinc metal cost of production per MT before royalty during the quarter was Rs. 50,955 (\$802), which is 14% lower in Rupee and 19% lower in USD term from a year ago. The decrease in cost was primarily due to higher volumes and lower commodity prices, partly offset by higher Power & Fuel cost on account of water cess & electricity duty and renewable energy purchase obligation on captive power consumption which had an impact of \$48 per MT on COP. Various optimization and improvement initiatives for productivity and efficiency will enable costs to remain stable going forward.

## Financial Performance

Revenues were up 21% to Rs. 3,596 Crore in Q1 FY 2016 as compared with Rs. 2,963 Crore in the corresponding prior period. The increase was driven by higher zinc volumes & LME prices and rupee depreciation. This was partly offset by lower prices & volumes of silver and lead as also lower zinc premium.

EBITDA increased by 24% to Rs. 1,672 Crore in Q1 FY 2016 due to higher revenues and lower cost of production, partly offset by one-time expense related to renewable energy purchase obligation for earlier years, higher royalty and District Mineral Foundation (DMF) provisioning. The exact quantum of DMF contribution is yet to be notified by the Government.

Net profit increased by 19% to Rs. 1,921 Crore during the quarter driven by higher operating profit, partly offset by lower investment income due to mark to market losses on a small portion of the portfolio, which is expected to get recovered in the coming quarters. The investment corpus increased by 19% from a year ago. Tax provision for the quarter was lower due to one-time recognition of deferred tax asset of Rs. 160 Crore on brought forward short-term capital loss.

## Expansion Projects

Rampura Agucha and Sindesar Khurd shaft projects are progressing well, with no further delay in Rampura Agucha shaft project. During the quarter, North ventilation shaft was completed at Rampura Agucha. Pre-stripping for further deepening of the open pit at Rampura Agucha is under progress. With the planned extension of the open cast mine, the overall production plan at Rampura Agucha will be on track.

The shaft project at Sindesar Khurd continues to be ahead of schedule and internal infrastructure works, development through shaft and ventilation work has been initiated. Two auxiliary lenses, apart from the main ore body, are being developed as separate production centres which will increase the production capacity from 2 million MT to 3 million MT by year end.

Kayad mine ramp up is on track and expected to achieve 1 million MT production capacity by year end.

### **Earnings Call on Tuesday, July 21, 2015 at 11:00 am (IST)**

The Company will hold an earnings conference call on Tuesday, July 21, 2015 at 11:00 am IST, where senior management will discuss the Company's results and performance. The dial in numbers for the call is given below:

Primary: +91 22 6746 5962

Secondary: +91 22 3960 0762

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

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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 375.1 million MT and average zinc-lead reserve grade of 11.5%. 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 309 MW including 274 MW of wind power and 35 MW of waste heat power. The Company has an operating workforce of over 18,000 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 that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.

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