

18 October 2012

Hindustan Zinc Limited Results for the Second Quarter and Half Year Ended 30 September 2012

Net Profit up 15%; Interim dividend increased to 80%

Mumbai: Hindustan Zinc Limited (“HZL” or the “Company”) today announced results for the second quarter (“Q2”) and Half Year ended 30 September 2012.

Q2 HIGHLIGHTS

Operational

- Mined metal production in line with the mine plan
- Refined Lead production up by 60%
- Refined Silver production up by 86%
- Greenfield Kayar mine strikes developmental ore, ahead of schedule

Financial Performance

- Net Revenue up 9% to Rs. 2,822 Crore
- Net Profit up 15% to Rs. 1,540 Crore

Interim Dividend

- Interim dividend of Rs 1.60 per share

“Our results show our ability to deliver consistent performance from our best-in-class assets. We will continue our growth story in future and maintain our cost leadership to deliver industry leading performance”, said Mr. Agnivesh Agarwal, Chairman of Hindustan Zinc.

Unaudited Financial Summary

(In Rs Crore, except as stated)

	Quarter Ended			Half Year Ended		
	30th September			30th September		
	2012	2011	Change	2012	2011	Change
Net Sales/Income from Operations						
Zinc	1,843	2,034	(9%)	3,659	4,140	(12%)
Lead	341	174	96%	683	418	63%
Silver	449	247	82%	837	566	48%
Others	189	138	37%	356	291	22%
Total	2,822	2,593	9%	5,535	5,415	2%
Cash Profit (Net Profit + Depreciation)	1,714	1,491	15%	3,469	3,120	11%
Profit After Taxes	1,540	1,345	15%	3,121	2,840	10%
Earnings Per Share (Rs.)	3.64	3.18	15%	7.39	6.72	10%
Production - Mined Metal ('000 tonnes)						
Zinc & Lead	190	210	(9%)	377	398	(5%)
Production - Refined Metal ('000 tonnes)						
Total Zinc	163	185	(12%)	324	378	(14%)
- Fully integrated Zinc	153	185	(17%)	310	376	(17%)
Total Lead ¹	27	17	60%	58	33	75%
- Fully integrated Lead	24	17	40%	53	33	59%
Total Silver ² (tonnes)	92	49	86%	174	96	81%
- Fully integrated Silver	80	49	63%	160	96	66%
Zinc LME (USD/MT)	1,885	2,224	(15%)	1,906	2,236	(15%)
Lead LME (USD/MT)	1,975	2,459	(20%)	1,974	2,503	(21%)
Silver LBMA (USD/oz)	29.8	38.8	(23%)	29.6	38.4	(23%)
USD-INR	55.24	45.76	21%	54.74	45.26	21%

(1) Including captive consumption of 1,435 tonnes and 3,076 tonnes in Q2 and half-year, as compared with 1,348 tonnes and 2,739 tonnes in corresponding prior periods, respectively.

(2) Including captive consumption of 7,523 Kgs and 16,166 Kgs in Q2 and half-year, as compared with 7,193 Kgs and 14,389 Kgs in corresponding prior periods, respectively.

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

Operational Performance

Mined metal production during H1 is in line with our mine plan. The production is expected to progressively increase during Q3 and Q4, such that H2 should more than make up the H1 shortfall. We expect the mined metal production for the full year to be slightly higher than the previous year.

Mined metal production was 190kt in Q2 and 377kt in H1, as compared with 210kt and 398kt in the corresponding prior periods. In line with the mined metal production, integrated production of refined zinc was 153kt in Q2 and 310kt in H1. Integrated production of refined lead was 24kt in Q2 and 53kt in H1.

Integrated refined Silver production was 80 tonnes in Q2 and 160 tonnes in H1, up 63% and 66% respectively, driven by the ramp-up of SK mine and Dariba lead smelter.

Financial Performance

Revenues were Rs. 2,822 Crore in Q2 and Rs. 5,535 Crore in H1, up 9% and 2% respectively compared to the corresponding prior periods. Net profit was up 15% in Q2 at Rs. 1,540 Crore and up 10% in H1 at Rs. 3,121 Crore, compared to the corresponding prior period. During Q2 and H1 of FY2013, the positive impact of higher Lead-Silver volumes and Rupee depreciation was offset by lower zinc volumes, lower prices of Zinc, Lead and Silver.

The Zinc COP, excluding royalty, during the quarter was Rs. 46,750 per MT (\$844), compared to Rs 38,800 (\$847) in the corresponding prior quarter. The increase was primarily on account of higher excavation cost and Rupee depreciation.

Interim Dividend

HZL's Board of Directors has recommended an interim dividend of 80% i.e. Rs. 1.60 per share on equity share of Rs 2.00 each, as compared to an interim dividend of Rs 1.50 per share last year. The record date for the payment of interim dividend is 26th October 2012.

Expansion Projects

At the greenfield Kayar mine, a milestone of development ore production was achieved towards the end of the quarter. Both Rampura Agucha and Kayar underground mines are progressing well and will start commercial production in FY2014.

Liquidity and investment

As at 30 September 2012, the Company had cash and cash equivalents of Rs. 19,136 Crore. This includes Rs. 10,177 Crore in debt mutual funds, Rs. 1,663 in bonds and Rs. 7,275 Crore in fixed deposits with banks. The Company follows a conservative investment policy and invests in high quality debt instruments. Our investment portfolio is rated "very good" by CRISIL - the highest rating.

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About Hindustan Zinc

HZL is one of the world's largest integrated producers of Zinc-Lead and a leading producer of Silver globally. It has a metal production capacity of over one million tonnes per annum with its key Lead-Zinc mines in Rampura Agucha and Sindesar Khurd; and modern smelting complexes in Chanderiya and Dariba. HZL is focused on growth and long-term term sustainability on the back of its high-quality assets, long mine life of over 25 years and low cost base. 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 behavior 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.