

Hindustan Zinc Limited

Results for the Second Quarter and Half Year Ended September 30, 2021

“Record-high H1 EBITDA at INR 6,890 Cr, up 51% y-o-y; Record-high H1 mined metal production & mine development since UG transition”

Highlights H1FY22

- Mined metal production: 470kt
- Refined metal production: 445kt
- Saleable silver production: 313 MT
- Zinc COP: \$1,096 per MT

Udaipur, October 22, 2021: Hindustan Zinc Limited, the leading global integrated producer of zinc, lead and silver, reported its results for the second quarter and half year ended September 30, 2021.

Commenting on the performance, **Mr Arun Misra, CEO**, said: *“We delivered record high H1 mined metal production and mine development since transition to underground mining operations. With effective systems & planning, teams at Hindustan Zinc have strengthened the backbone of our operations setting the stage right for us to deliver one million production mark. We are also progressing well on our ESG journey and have committed to Net zero emissions by 2050. Hindustan Zinc has also joined the Taskforce on Nature-related Financial Disclosure (TNFD) to tackle nature-related risks proactively. We are proud and look forward to participate in British High Commission Conference of the Parties (COP26).”*

Mr Sandeep Modi, Interim CFO, said: *“We delivered ever-highest H1 EBITDA despite operational challenges and external headwinds from ongoing global energy crisis. We believe that with operational challenges behind us, we have reset the system for a robust delivery in the future. We remain committed to protect our margins, generate robust free cash flow & invest in sustainability, all of which together will help us to create & deliver long lasting value for our shareholders.”*

Financial Summary

INR. Crore or as stated

Particulars	Q2			Q1		H1		
	2022	2021	Change	2022	Change	2022	2021	Change
Sales¹								
Zinc	3,926	3,323	18%	4,291	-9%	8,217	5,885	40%
Lead	885	861	3%	826	7%	1,710	1,465	17%
Silver	983	1,237	-21%	1,106	-11%	2,089	1,880	11%
Others	328	239	37%	308	6%	637	419	52%
Total	6,122	5,660	8%	6,531	-6%	12,653	9,649	31%
EBITDA	3,332	2,952	13%	3,558	-6%	6,890	4,551	51%
Profit After Taxes	2,017	1,940	4%	1,983	2%	4,000	3,299	21%
Earnings per Share (INR, not annualised)	4.77	4.69	2%	4.59	4%	9.47	7.81	21%
Mined Metal Production ('000 MT)	248	238	4%	221	12%	470	440	7%
Refined Metal Production ('000 MT)								
Total Refined Metal								
Zinc	162	180	-10%	188	-14%	350	338	4%
Saleable Lead ²	47	57	-18%	48	-4%	95	101	-6%
Zinc & Lead	209	237	-12%	236	-12%	445	439	2%
Saleable Silver ^{3,4} (in MT)	152	203	-25%	161	-5%	313	320	-2%
Wind Power (in million units)	155	113	37%	134	16%	289	225	28%
Refined Metal Sales (kt)								
Zinc (kt)	164	181	-9%	187	-12%	352	344	2%
Lead (kt)	47	57	-18%	49	-4%	95	102	-6%
Silver (MT)	152	203	-25%	160	-5%	312	348	-10%
Zinc CoP without Royalty (INR/MT)	83,208	68,228	22%	78,952	5%	80,991	72,235	12%
Zinc CoP without Royalty (\$/MT)	1,124	919	22%	1,070	5%	1,096	965	14%
Zinc LME (\$ / MT)	2,991	2,335	28%	2,916	3%	2,955	2,154	37%
Lead LME (\$ / MT)	2,340	1,873	25%	2,128	10%	2,237	1,776	26%
Silver LBMA (\$ / oz.)	24.4	24.3	0.4%	26.7	-9%	25.5	20.4	25%
USD-INR (average)	74.02	74.24	-0.3%	73.76	0.4%	73.89	73.63	0.3%

(1) Including other operating income

(2) Excluding Captive consumption of 1,977 MT in Q2 FY22 as compared with 1,786 MT in Q2 FY21 and 1,611 MT in Q1 FY22.

(3) Excluding captive consumption of 11.3 MT in Q2 FY22 as compared with 10.2 MT in Q2 FY21 and 8.9 MT in Q1 FY22.

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

Operational Performance

Ore: Total ore production for the quarter was up 2.6% y-o-y to 3.99 million MT, led by strong growth in Zawar and Sindesar Khurd (SK) mines partially offset by lower production at Kayad and Rajpura Dariba (RD) mines. Ore production at Rampura Agucha mine remained flat y-o-y. On a sequential basis, ore production was up 10.3% primarily driven by exceptional performance at SK and Kayad mine with strong performances from Rajpura Dariba, Zawar and Rampura Agucha mines. For the six-months period, ore production witnessed a growth of 8.1% y-o-y to 7.6 million MT. Higher production from Rampura Agucha, Zawar and Rajpura Dariba were partially offset by lower ore production at Kayad mines.

Metal-In-Concentrate (MIC): Total MIC production for the quarter at 248kt, up 4.4% y-o-y on account of higher ore treatment at Rampura Agucha, Zawar and Rajpura Dariba mines supported by improvement in recovery, which has been partly offset by lower grades. Sequentially, mined metal production grew by 12.3% mainly due to higher ore treatment at Sindesar Khurd, Rampura Agucha & Kayad mine and improvement in mining grades & recovery. Overall H1 FY22 MIC production was 470kt up 7% y-o-y in line with higher ore treatment at Rampura Agucha, Zawar mines & Rajpura Dariba mine and increased recovery, offset by a slight dip in overall grades.

Integrated metal production was 209kt for the quarter, down 12% as compared to both Q2 FY21 & Q1 FY22 on account of extended shutdown at one of the roasters at Chanderiya Smelter for Repairs & overhaul of Structural components. Integrated zinc production was 162kt, down 10% as compared to Q2 FY21 and down by 14% as compared to Q1 FY22. Integrated lead production for the quarter was down 18% y-o-y to 47kt on account of annual shutdown at Dariba Lead Smelters. Integrated silver production was 152 MT, down 25% y-o-y in line with lead production & depletion of WIP in Q2 FY21 & down 5% as compared to Q1 FY22. H1 FY22 metal production was 445kt, up 2% as compared to H1 FY21 in line with Roaster availability, while silver production was 2% lower y-o-y to 313 MT.

Financial Performance

Revenue from operations during the quarter was INR 6,122 Crore, an increase of 8% y-o-y, led by higher zinc & lead LME prices & higher premiums as well as higher silver prices partly offset by lower metal & silver volumes. Over the year, zinc & lead LME prices were up 28% & 25% respectively.

Sequentially revenue decreased 6%, primarily due to lower metal & silver volumes and lower silver prices partly offset by higher zinc & lead LME prices & higher premiums. Zinc sales volume decreased 12% q-o-q and lead by 4% q-o-q in line with lower production

Zinc cost of production before royalty (COP) was \$1,124 (INR 83,208) per MT for the quarter, higher by 22% y-o-y and 5% sequentially. H1FY22 COP was \$1,096 (INR 80,991) per MT, up 13.6% y-o-y (12.1% in INR terms). The COP has been affected by input commodity price increase (coal, diesel, met coke etc.) and higher revenue mine development partially offset by benefits from operational efficiencies and better recoveries. Sequentially, maintenance shutdown & lower metal volumes also weighed on the cost of production.

EBITDA for the quarter was INR 3,332 Crore, up 12.9% y-o-y and down 6.4% sequentially. Drop was driven by lower volume and higher cost primarily on account of input commodity inflation. H1FY21 EBITDA was at INR 6,890 Crore, up 51% y-o-y. Rise was primarily due to higher zinc & lead LME prices, higher premiums as well as higher silver prices.

Net profit for the quarter was at INR 2,017 Crore, up 4.0% y-o-y and 1.7% sequentially. Increase was mainly driven by recovery in metal prices and lower effective tax sequentially. Net Profit for H1FY22 was at INR 4,000 Crore, up 21% y-o-y.

Outlook

We would like to reiterate our guidance on volume and capex for the fiscal year 2022.

Both mined metal and finished metal production in FY22 is expected to be c.1025-1050 kt each.

FY22 saleable silver production is projected at c.720 MT.

The project capex for the year is expected to be approximately \$100 million.

In the previous quarter, management had cautioned against risk to cost guidance from rising input commodity prices. In light of the same, we would like to revise our cost guidance upwards.

Zinc cost of production is expected to remain below \$1,075 per MT (from \$1,000 per MT earlier) for the fiscal year 2022.

Projects Update

Covid-19 restrictions including stringent visa guidelines for Chinese nationals continued during the quarter which resulted in a delay in the commissioning of the Fumer plant at Chanderiya. All efforts are in place and we expect Fumer commissioning to be completed by end of FY22.

Environmental Authorizations (EA) for expansion of Zawar mines from 4.8 mtpa to 6.5 mtpa is granted.

Liquidity and investment

As on Sept 30, 2021, the Company's gross investments and cash & cash equivalents were INR 23,662 Crore as compared to INR 23,902 Crore at end of Jun 30, 2021.

The Company's net investments as at end of Sept 30, 2021 was INR 19,103 Crore as compared to INR 17,249 Crore at end of Jun 30, 2021 and was invested in high quality debt instruments.

Earnings Call on Friday, October 22, 2021 at 4:00 pm (IST)

The Company will hold an earnings conference call on Friday, October 22, 2021 at 4.00 pm IST, where senior management will discuss the Company's results and performance.

Conference Dial-In Information:

[Express Join via internet registration](#)

Please dial the below number at least 5-10 minutes prior to the conference schedule.

Universal Access +91 22 6280 1340, +91 22 7115 8241

Playback Dial-In Numbers

+91 22 71945757, +91 22 66635757

Oct 22 – Oct 29, 2021

Playback Code: 31911

For further information, please contact:

Shweta Arora
Head - Investor Relations
shweta.arora@vedanta.co.in

Dipti Agrawal
Head – Corporate Communications
dipti.agrawal@vedanta.co.in

About Hindustan Zinc

Hindustan Zinc (NSE & BSE: HINDZINC) is the one of the largest integrated producers of zinc-lead in the world with a capacity of over 1.0 million MT per annum and the 6th largest global 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 347 MW including 273.5 MW of wind power, 39.6 MW of solar power and 35.4 MW of waste heat power. The Company has an operating workforce of over 19,100 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.