

Hindustan Zinc Limited

Results for the Third Quarter and Nine Months Ended December 31, 2021

“Record high quarter: Best-ever refined metal production at 261kt, Revenue at INR 7,990 Cr., EBITDA at INR 4,392 Cr. & PAT¹ at INR 2,701 Cr.”

¹ since UG Transition

Highlights for the quarter

- Mined metal production: 252kt
- Refined metal production: 261kt
- Saleable silver production: 173 MT
- Zinc COP: \$1,148 per MT

Udaipur, January 21, 2022: Hindustan Zinc Limited, the leading global integrated producer of zinc, lead and silver, reported its results for the third quarter and nine months ended December 31, 2021.

Commenting on the performance, **Mr Arun Misra, CEO**, said: *“We delivered best-ever 9M mined metal production and historic-high quarterly refined metal production. At the current run-rate, we are confident to deliver on the one million mark this year. Hindustan Zinc is also geared to invest in world-class technologies & equipment to produce value-added zinc alloy products & provide matching international quality in the domestic market. Our ESG journey is progressing well and we are happy to be ranked first globally in the Dow Jones Sustainability Index under environment category amongst the metals & mining peers. We stand committed to decarbonize our mining operations. We will invest 1bn dollars over next 5 years in our climate change initiatives to bring down dependence on thermal power & progress on our journey of net zero by 2050.”*

Mr Sandeep Modi, Interim CFO, said: *“We delivered historic-high quarterly Revenue & EBITDA as well as highest-ever Net Profit since transition to UG mining. We maintained cost at almost same levels from last quarter despite continuously rising energy prices. Our sustained efforts on operational efficiencies & cost rationalisation along with favourable LME prices has enabled us to improve margins in these times and generate industry-leading returns for our shareholders.”*

Financial Summary Standalone

INR. Cr./as stated

Particulars	Q3			Q2		9M		
	2022	2021	Change	2022	Change	2022	2021	Change
Sales¹								
Zinc	5,667	3,835	48%	3,926	44%	13,885	9,720	43%
Lead	900	817	10%	885	2%	2,610	2,283	14%
Silver	1,081	1,145	-6%	983	10%	3,170	3,032	5%
Others	342	236	45%	328	4%	978	647	51%
Total	7,990	6,033	32%	6,122	31%	20,643	15,682	32%
EBITDA	4,392	3,314	33%	3,332	32%	11,282	7,865	43%
Profit After Taxes	2,701	2,200	23%	2,017	34%	6,701	5,499	22%
Earnings per Share (INR, not annualised)	6.39	5.21	23%	4.77	34%	15.86	13.01	22%
Mined Metal Production ('000 MT)	252	244	3%	248	1%	722	684	6%
Refined Metal Production ('000 MT)								
Total Refined Metal								
Zinc	214	182	17%	162	32%	565	520	9%
Saleable Lead	47	52	-10%	47	1%	142	153	-7%
Zinc & Lead	261	235	11%	209	25%	707	674	5%
Saleable Silver ² (in MT)	173	183	-5%	152	14%	485	503	-4%
Wind Power (in million units)	59	67	-12%	155	-62%	348	286	22%
Refined Metal Sales (kt)								
Zinc (kt)	212	182	16%	164	29%	563	526	7%
Lead (kt)	47	53	-11%	47	1%	142	155	-8%
Silver (MT)	173	183	-6%	152	14%	485	532	-9%
Zinc CoP without Royalty (INR/MT)	85,969	69,744	23%	83,208	3%	82,834	71,369	16%
Zinc CoP without Royalty (\$/MT)	1,148	946	21%	1,124	2%	1,116	958	16%
Zinc LME (\$ / MT)	3,364	2,628	28%	2,991	12%	3,093	2,314	34%
Lead LME (\$ / MT)	2,331	1,901	23%	2,340	0%	2,269	1,819	25%
Silver LBMA (\$ / oz.)	23.3	24.4	-4%	24.4	-4%	24.8	21.8	14%
USD-INR (average)	74.90	73.74	2%	74.02	1%	74.23	74.48	0%

(1) Including other operating income

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

Financial Summary Consolidated

INR. Cr./as stated

Particulars	Q3			Q2		9M		
	2022	2021	Change	2022	Change	2022	2021	Change
Sales¹								
Zinc	5,667	3,835	48%	3,926	44%	13,885	9,720	43%
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(1) Including other operating income

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

Operational Performance

Mined metal production for the quarter was at 252kt, up 3.4% y-o-y and 9M was at 722kt, up 5.5% y-o-y. This was on account of higher ore production at Sindesar Khurd, Rampura Agucha & Zawar mines, improvement in recoveries partly offset by lower mining grade. Sequentially mined metal production grew by 1.4% mainly due to higher ore treatment at Kayad & Sindesar Khurd mines and improvement in recovery.

Integrated metal production was 261kt for the quarter, up 11% y-o-y & up 25% sequentially. This was supported by better plant & mined metal availability and improved operating parameters. Integrated zinc production was 214kt, up 17% y-o-y and up by 32% sequentially. Integrated lead production for the quarter remained flat sequentially at 47kt but was down 10% y-o-y on account of Pyro plant (CLZS) operations on Zinc-Lead mode compared to Lead mode only. Overall, for the nine-month period, metal production was 707kt up 5% y-o-y in line with better plant and mined metal availability

Integrated silver production was 173 MT, down 5% y-o-y in line with lead production & up 14% sequentially due to depletion of WIP. For the nine-month period, silver production was 4% lower y-o-y to 485 MT in line with the lower lead metal production and depletion of the Silver WIP.

Financial Performance

Revenue from operations during the quarter was INR 7,990 Cr., an increase of 32% y-o-y, led by higher zinc volumes and higher zinc & lead LME prices as well as higher premiums while partly offset by lower lead & silver volumes. Over the year, zinc & lead LME prices were up 28% & 23% respectively.

Sequentially revenue increased 31%, primarily due to higher metal and silver volumes and zinc LME prices partially offset by lower silver prices and WPP volumes. Sequentially zinc and silver sales volumes increased 29% & 14% respectively, while lead sales volumes remained almost flat.

Zinc cost of production before royalty (COP) was \$1,148 (INR 85,969) per MT for the quarter, higher by 21% y-o-y and 2% sequentially. The COP for the nine months ended Dec'21 was \$1,116 (INR 82,834) per MT, up 16% y-o-y. The COP has been affected by higher coal & commodity price increase (diesel, met coke etc.) partially offset by benefits from better volumes, operational efficiencies, and recoveries.

EBITDA for the quarter was INR 4,392 Cr., up 33% y-o-y and 32% sequentially. EBITDA for the nine months ended Dec'21 was at INR 11,282 Cr., up 43% 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 2,701 Cr., up 23% y-o-y and 34% sequentially. Increase was mainly driven by higher volumes and higher metal prices. Net Profit for the nine months ended was at INR 6,701 Cr., up 22% y-o-y.

Projects Update

The commissioning of the Fumer plant at Chanderiya is delayed owing to Covid-19 restrictions including stringent visa guidelines for Chinese nationals. All efforts (including support from alternative parties) are in place to get the visa applications cleared and all efforts are in place to complete the commissioning by end of FY22.

ESG update

- Board Level ESG & Sustainability Committee is formed, and its 1st meeting was held in December 2021.
- Hindustan Zinc ranked 5th in Metal and Mining Sector in DJSI/S&P Global Corporate Sustainability Assessment (CSA) & 1st in Asia-Pacific region for Environment Category.
- Chanderiya CPP & Debari units received 'Sword of Honour' & 5-star rating from British Safety Council.
- Kayad and Rampura Agucha Mines conferred with '5 Star Rated Mines' by Ministry of Mines towards sustainable mining.
- For Sustainability Goals 2025 - 3 years Engagement with International Union for Conservation of Nature (IUCN) for development of Biodiversity Management Plan from no net loss approach

Liquidity and Investment

As on Dec 31, 2021, the Company's gross investments and cash & cash equivalents were INR 17,040 Cr. as compared to INR 23,662 Cr. at end of Sept'21.

The Company's net investments as at end of Dec 31, 2021 was INR 14,227 Cr. as compared to INR 19,103 Cr. at end of Sept'21 and was invested in high quality debt instruments.

Interim Dividend amounting to INR 7,606 Cr. (INR 18 per share) was paid in December 2021.

Earnings Call on Friday, January 21, 2022 at 4:00 pm (IST)

The Company will hold an earnings conference call on Friday, January 21, 2022 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

January 21– January 28, 2022 Playback Code: 32060

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About Hindustan Zinc

Hindustan Zinc, a Vedanta Group Company, is one of the world's largest and India's only integrated producer of Zinc-Lead and Silver. The Company has its Headquarter at Udaipur in the State of Rajasthan where it has its Zinc-Lead mines and smelting complexes. Hindustan Zinc is self-sufficient in power with captive thermal power plants and has ventured into green energy by setting up wind power plants. The Company is ranked 1st in Asia-Pacific and globally 5th in Dow Jones Sustainability Index in 2021 amongst Mining & Metal companies. Hindustan Zinc is a certified Water Positive Company, a member of the FTSE4Good Index and has scored 'A' rating by CDP for climate change.

Being a people-first company, Hindustan Zinc believes in inculcating the values of Trust and Excellence to have a culture of high-performance in its workforce. The company takes pride in having some of the best-in-class people practices and employee centric initiatives, which have certified Hindustan Zinc as – 'Great Place to Work 2021', 'Company with Great Managers 2021' by People Business and the People First HR Excellence Award.

As a socially responsible corporate, Hindustan Zinc has been relentlessly working to improve the lives of rural and tribal people residing near its business locations. The company is amongst the Top 15 CSR Spenders in India and are currently reaching out to 700,000 people in 184 villages of Rajasthan, 5 in Uttarakhand and 16 villages in Gujarat. As a market leader, Hindustan Zinc governs about 78% of growing Zinc market in India.

Learn more about Hindustan Zinc on - <https://www.hzindia.com/home/> and follow us on [LinkedIn](#), [Twitter](#), [Facebook](#), and [Instagram](#) for more updates.

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.