

## Hindustan Zinc Limited

### Results for the Fourth Quarter and Full Year Ended March 31, 2021

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*“Quarterly PAT up 85% (YoY); Highest-ever annual silver production”*

#### Highlights for the quarter

- Highest-ever UG Mined metal production: 288 kt
- Highest-ever Refined metal production: 256 kt
- Saleable silver production: 203 MT
- Best-ever quarterly EBITDA, up 98% YoY
- Zinc COP: \$945 per MT

#### Highlights for the year

- Highest-ever Mined metal production: 972 kt
- Refined metal production: 930 kt
- Highest Saleable silver production: 706 MT
- Lowest-ever<sup>1</sup> Zinc COP: \$954 per MT

**Udaipur, April 27, 2021:** Hindustan Zinc Limited, the leading global integrated producer of zinc, lead and silver, reported its results for the fourth quarter and full year ended March 31, 2021.

Commenting on the Q4 and FY performance, **Mr Arun Misra, CEO**, said: *“We are conscious of the fact that our country is going through COVID Pandemic the scale of which has not been seen before. We are doing whatever we can including supplying liquid oxygen from our smelters to hospitals in and around Udaipur. We are proud to announce that we delivered record production volumes of mined metal, finished metal and silver production, while ensuring 22-months of fatality-free operations. I am also happy to inform that we exited the year at run-rate of 1.2mtpa. We also maintained our first rank in Asia pacific region in the metals & mining category in Dow jones Sustainability Index for third consecutive year and amongst India’s first companies to be rated ‘A’ in climate change CDP 2020.”*

**Mr Vinaya Jain, Sr. VP & Head Finance**, said: *“Our firm focus on operating efficiencies has led to cost optimization and improved profitability. We delivered highest ever quarterly EBITDA which nearly doubled from same quarter last year, Our PAT is up 85% Y-O-Y and we have achieved lowest ever annual dollar cost of production since the transition to underground mining operations. We will continue our endeavour to improve business efficiencies and reduce costs through enhanced use of technology, digitalization efforts, data-driven decision making and most importantly, investment in people capabilities to sustainably generate industry leading returns and create long term value for all stakeholders.”*

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<sup>1</sup> Lowest ever Zinc CoP in dollar terms since transition to underground mining operations

## Financial Summary

INR. Crore or as stated

Particulars	Q4			Q3		FY		
	2021	2020	Change	2021	Change	2021	2020	Change
<b>Sales<sup>1</sup></b>								
Zinc	4,241	2,920	45%	3,835	11%	13,961	12,645	10%
Lead	999	692	44%	817	22%	3,281	2,699	22%
Silver	1,352	601	125%	1,146	18%	4,378	2,445	79%
Others	355	178	99%	235	51%	1,009	772	31%
Total	6,947	4,391	58%	6,033	15%	22,629	18,561	22%
<b>EBITDA</b>	3,875	1,961	98%	3,313	17%	11,739	8,849	33%
Profit After Taxes	2,481	1,339	85%	2,200	13%	7,980	6,805	17%
<b>Earnings per Share</b>	5.87	3.17	85%	5.21	13%	18.89	16.11	17%
(INR, not annualised)								
<b>Mined Metal Production ('000 MT)</b>	288	249	15%	244	18%	972	917	6%
<b>Refined Metal Production ('000 MT)</b>								
Total Refined Metal								
Zinc	195	172	14%	182	7%	716	688	4%
Saleable Lead <sup>2</sup>	61	49	24%	53	16%	214	182	18%
Zinc & Lead	256	221	16%	235	9%	930	870	7%
Saleable Silver <sup>3,4</sup> (in MT)	203	168	21%	183	11%	706	610	16%
Wind Power (in million units)	65	71	-8%	61	7%	351	437	-20%
Zinc CoP without Royalty (INR/MT)	68,969	72,220	-5%	69,744	-1%	70,681	74,172	-5%
Zinc CoP without Royalty (\$/MT)	945	997	-5%	946	0%	954	1,047	-9%
Zinc LME (\$ / MT)	2,750	2,128	29%	2,628	5%	2,422	2,402	1%
Lead LME (\$ / MT)	2,018	1,847	9%	1,901	6%	1,868	1,952	-4%
Silver LBMA (\$ / oz.)	26.3	16.9	55%	24.4	8%	22.9	16.5	38%
USD-INR (average)	72.95	72.45	1%	73.74	-1%	74.11	70.86	5%

(1) Including other operating income

(2) Excluding Captive consumption of 1,825 MT in Q4 FY 2021 as compared with 1,755 MT in Q4 FY 2020 and 1,611 MT in Q3 FY 2021.

(3) Excluding captive consumption of 9.1 MT in Q4 FY 2021 as compared with 9.0 MT in Q4 FY 2020 and 9.0 MT in Q3 FY 2021.

(4) 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 up 15% y-o-y to 288kt on account of higher ore production, partly offset by lower overall grade. Sequentially, MIC production was up 18% on account of higher ore production and better overall grades. For the full year, MIC production was up 6% y-o-y to record 972 kt primarily on account of higher ore production partially offset by slightly lower grades. This was despite losing 18 days equivalent of production in the fiscal year 2021 due to lockdown and other workforce related restrictions to combat Covid-19.

Sequentially, mined metal production was up 18% mainly on account of improvement in ore grades across mines. For the full year, mined metal production was 972kt, up 6% y-o-y primarily on account of higher ore production.

Integrated metal production was 256kt for the quarter, up 16% y-o-y and up 9% sequentially in line with higher mined metal availability and higher closing MIC inventory. Integrated zinc production was 195kt, up 14% y-o-y and 7% sequentially. Integrated lead production was 61 kt, up 24% y-o-y and 16% sequentially in line with higher mined metal availability.

Integrated silver production was 203 MT, up 21% from a year ago in line with higher lead production, partly offset by lower grades at Sindesar Khurd (SK) mine, while it was up 11% sequentially on account of higher lead production and better grades at SK.

For the full year, metal production was up 7% to 930kt and silver production was up 16% to a record 706 MT in line with higher lead production and better silver grades at SK.

## Financial Performance

Revenue from operations during the quarter was INR 6,725 Crore, an increase of 56% y-o-y led by higher metal & silver volumes, higher zinc, lead & silver prices. Zinc sales volume increased 15% y-o-y and lead by 29% y-o-y in line with higher production and robust demand.

Sequentially, revenue was up 14%, primarily driven higher zinc, lead and silver prices, higher metal premium, partly offset by rupee appreciation. Zinc LME prices were sequentially up 5%, while lead prices were up 6%. For the full year, revenue was higher by 20% to INR22,071 on account of an average 38% increase in silver prices, higher metal & silver volumes, rupee depreciation partly offset by lower zinc premium.

Zinc cost of production before royalty (COP) during the quarter was \$945 (Rs. 68,969) per MT, lower by 5% y-o-y, both in INR & USD terms and flat sequentially (down 1% in INR terms). The y-o-y decline in COP is primarily due to higher volume, lower power costs, higher sulphuric acid credits and lower cement costs partly offset by higher met coke and diesel costs.

For the full year, zinc COP excluding royalty was \$954 (Rs. 70,681), lower by 9% y-o-y (5% lower in INR terms). The full year COP decrease reflects higher production volume, lower met coke and power costs, lower cement costs partly offset by higher diesel costs and Covid-related donation.

Overall, the COP for the quarter and FY benefitted from ongoing structural cost reduction initiatives partly offset by increase in mine development. Our steadfast focus on executing critical priorities on all fronts of consumption, contracting, procurement and fixed costs resulted in sustained reduction in costs.

EBITDA for the quarter soared to INR 3,875 Crore, up 98% y-o-y and 17% sequentially on account of higher revenue, favourable pricing environment and well controlled operating costs. EBITDA for the full year was at INR 11,739 Crore, up 33% from a year ago primarily on account of higher LME prices and lower costs.

Net profit for the quarter was INR 2,481 Crore, up 85% y-o-y and 13% sequentially, driven by recovery in metal prices and strict cost discipline. For the full year, Net profit was INR 7,980 Crore, up 17%, wherein higher EBITDA and lower D&A expense was partly offset by lower investment income due to lowering interest rate environment.

### **Outlook for FY22**

Both mined metal and finished metal production in FY2022 will be higher than last year and is expected to be c.1025-1050 KT each.

FY2022 saleable silver production is expected to be higher and projected at c.720 MT.

Zinc cost of production in FY2022 is expected to remain below \$1000 per MT.

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

### **Expansion Projects**

During the quarter, Shaft Integration at Rampura Agucha Shaft was complete. This improved the accessibility of shaft section, alternate emergency evacuation, ease in mine equipment deployment at lower levels, face charging with emulsion explosives, face drilling with long feed jumbo.

During the quarter, RKD circuit of Fumer plant was commissioned & is now in operation. Delay is primarily on final commissioning of complete plant. This is on account of restrictions around travel outside China. Given the fast-evolving situation with Covid-19 infections in the country, we expect to commission complete Fumer plant by Q2 of this year.

### **Reserve & Resource (R&R)**

Total ore reserves increased from 114.7 million tonnes at the end of FY 2020 to 150.3 million MT at the end of FY 2021 while mineral resources totalled 297.6 million MT. Total R&R increased to 448 million MT as we replenished more than we consumed during the year.

Total contained metal in ore reserves is 9.16 million MT of zinc, 2.55 million MT of lead and 295.5 million ounces of silver and the mineral resource contains 14.9 million MT of zinc, 6.3 million MT of lead and 618.7 million ounces of silver. At current mining rates, the R&R underpins metal production for more than 25 years.

## Contribution to the exchequer

During the year, the Company contributed Rs. 15,008 Crore to the Government treasury through royalties and taxes, which is 66% of revenue.

## Liquidity and investment

As on March 31, 2021, the Company's gross cash and cash equivalents was Rs.22,308 Crore as compared to Rs. 21,024 Crore at the end of the third quarter (Dec'20).

The Company's net cash and cash equivalents as at end of March 31, 2021 was Rs.15,130 Crore as compared to Rs. 10,988 Crore at the end of the third quarter (Dec'20) and was invested in high quality debt instruments.

## Earnings Call on Tuesday, April 27, 2021 at 4:00 pm (IST)

[Express Join via internet registration with no waiting time](#)

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

### Conference Dial-In Information:

*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
Apr 27 - May 04, 2021	Playback Code: 53351

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## About Hindustan Zinc

Hindustan Zinc (NSE & BSE: HINDZINC), a Vedanta Group Company, is one of the world's largest and India's only integrated producer of Zinc-Lead and Silver. The Company is headquartered in Udaipur, Rajasthan in India where it also has its mines and smelting complexes. It is self-sufficient in power with installed captive thermal power plants and green energy plants including wind and solar power.

Sustainability & innovation is at the core of Hindustan Zinc's operations. The Company is ranked 1st in Asia-Pacific and 7th globally in the Dow Jones Sustainability Index 2020 in the metal & mining sector, is a certified water positive company, is a member of the FTSE4Good Index and also a part of the prestigious 'A' List by CDP for climate change.

As a socially responsible corporate, Hindustan Zinc is committed to enhancing the lives of local communities through its social programs. The company is amongst the Top 15 CSR Spenders in India and is currently reaching out to 500,000 people across 189 core villages in Rajasthan and Uttarakhand.

### Hindustan Zinc Limited

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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 businesses 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, London Bullion Metal Association, 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 and/or business operations to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements and investors should take their own decisions.