

Hindustan Zinc Limited

Results for the Fourth Quarter and Full Year Ended March 31, 2022

“Stellar annual performance: Mined metal production crosses one million tonne mark with Best-ever refined metal production; PAT grows by 21% to a record high of INR 9,629 Cr.”

Highlights for the Year

- Mined metal production: 1,017 kt
- Refined metal production: 967 kt
- Saleable silver production: 647 MT
- Zinc COP: US\$ 1,122 per MT

Udaipur, April 22, 2022: 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, 2022.

Commenting on the performance, **Mr Arun Misra, CEO**, said: *“Hindustan Zinc delivered best-ever annual mined metal production & touched the record one million tonne mark this year. Our production of refined metal was also highest ever. With the exit run-rate for refined metal at 1.2mtpa, we are fully geared for another stellar performance this year. Our focus is to produce more and more of world-class value-added zinc alloy products with the use of latest technology & equipment. Hindustan Zinc is committed to decarbonize its mining operations and deliver on its ESG road map to achieve net zero by 2050.”*

Mr Sandeep Modi, Interim CFO, said: *“Hindustan Zinc delivered record breaking performance with highest-ever annual Revenue, EBITDA & PAT. With stringent cost & cash conversion discipline, we continue to deliver industry leading returns, while investing towards a sustainable business. With ongoing asset optimization & integration initiatives as well as proactive measures towards combating input commodity inflation, we will continue to produce essential resources for the world & thereby create long lasting value for all stakeholders.”*

Financial Summary Standalone

INR. Cr./as stated

Particulars	Q4			Q3		FY		
	2022	2021	Change	2022	Change	2022	2021	Change
Sales¹								
Zinc	6,414	4,241	51%	5,667	13%	20,299	13,961	45%
Lead	940	999	-6%	900	4%	3,550	3,281	8%
Silver	1,036	1,350	-23%	1,081	-4%	4,206	4,382	-4%
Others	407	357	14%	342	18%	1,385	1,005	38%
Total	8,797	6,947	27%	7,990	10%	29,440	22,629	30%
EBITDA	5,007	3,875	29%	4,392	14%	16,289	11,739	39%
Profit After Taxes	2,929	2,481	18%	2,701	8%	9,630	7,980	21%
Earnings per Share (INR, not annualised)	6.93	5.87	18%	6.39	8%	22.79	18.89	21%
Mined Metal Production ('000 MT)	295	288	3%	252	17%	1,017	972	5%
Refined Metal Production ('000 MT)								
Total Refined Metal								
Zinc	211	195	8%	214	-1%	776	715	8%
Saleable Lead	49	61	-19%	47	5%	191	214	-11%
Zinc & Lead	260	256	2%	261	0%	967	930	4%
Saleable Silver ² (in MT)	162	203	-20%	173	-6%	647	706	-8%
Wind Power (in million units)	66	65	2%	59	12%	414	351	18%
Refined Metal Sales (kt)								
Zinc (kt)	214	198	8%	212	1%	777	724	7%
Lead (kt)	49	62	-20%	47	5%	192	216	-11%
Silver (MT)	162	203	-20%	173	-6%	647	735	-12%
Zinc CoP without Royalty (INR/MT)	85,378	68,969	24%	85,969	-1%	83,511	70,681	18%
Zinc CoP without Royalty (\$/MT)	1,136	945	20%	1,148	-1%	1,122	954	18%
Zinc LME (\$/MT)	3,754	2,750	37%	3,364	12%	3,257	2,422	34%
Lead LME (\$/MT)	2,335	2,018	16%	2,331	0%	2,285	1,868	22%
Silver LBMA (\$/oz.)	24.0	26.3	-9%	23.3	3%	24.6	22.9	7%
USD-INR (average)	75.17	72.95	3%	74.9	0%	74.46	74.11	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	Q4			Q3		FY		
	2022	2021	Change	2022	Change	2022	2021	Change
Sales¹								
Zinc	6,414	4,241	51%	5,667	13%	20,299	13,961	45%
Lead	940	999	-6%	900	4%	3,550	3,281	8%
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Others	407	357	14%	342	18%	1,385	1,005	38%
Total	8,797	6,947	27%	7,990	10%	29,440	22,629	30%
EBITDA	5,007	3,875	29%	4,392	14%	16,289	11,739	39%
Profit After Taxes	2,928	2,481	18%	2,701	8%	9,629	7,980	21%
Earnings per Share (INR, not annualised)	6.93	5.87	18%	6.39	8%	22.79	18.89	21%
Mined Metal Production ('000 MT)	295	288	3%	252	17%	1,017	972	5%
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Operational Performance

Mined metal production for the quarter was at 295 kt, up 2.6% y-o-y on account of higher ore production at Rajpura Dariba, Sindesar Khurd & Rampura Agucha mines. Sequentially mined metal production grew by 17.2% on account of higher ore production from Rajpura Dariba, Rampura Agucha, Sindesar Khurd & Zawar mines supported by better mining grades.

For the full year, we had our best ever mined metal production of 1,017 kt, up 4.6% Y-o-Y. The one million mark was crossed for the first time owing to higher ore production across all our locations.

Integrated metal production for the quarter was 260 kt, up 1.6% y-o-y, while remaining almost flat sequentially. Quarterly production was supported by better plant & mined metal availability and improved operating parameters. Integrated zinc production was 211 kt, up 8.1% y-o-y and was 1.3% lower sequentially. Integrated lead production for the quarter was 49kt, up 4.7% sequentially but was down 19.3% y-o-y as Pyro plant at CLZS was run in the Zinc-Lead mode in place of Lead-only mode.

For the full year, overall refined metal production was 967 kt up 4.0% y-o-y on account of better plant & concentrate availability.

Integrated silver production was 162 MT, down 20.2% y-o-y & 6.2% sequentially in line with lead metal production. For the full year, silver production was 8.3% lower y-o-y to 647 MT in line with the lower lead metal production and reduction of silver WIP.

Financial Performance

Revenue from operations during the quarter was INR 8,797 Cr., an increase of 26.6% y-o-y, led by higher zinc volumes & zinc LME prices as well as favourable exchange rates while partly offset by lower lead & silver volumes. Over the year, zinc & lead LME prices were up 36.5% & 15.7% respectively.

Sequentially revenue increased 10.1%, primarily due to higher zinc LME & metal volumes and partially offset by lower silver volumes. Sequentially zinc and lead sales volumes increased 0.9% & 5.1% respectively, while silver sales volumes were 6.3% lower in line with the production.

For the full year, revenue was INR 29,440 Cr., an increase 30.1% y-o-y, led by higher zinc volumes & LME prices while being partially offset by lower lead and silver volumes.

Zinc cost of production before royalty (COP) was US\$ 1,136 (Rs. 85,378) per MT for the quarter, higher by 20.2% y-o-y and lower by 1.0% sequentially. The COP for the full year was US\$ 1,122 (INR 83,511) per MT, up 17.6% y-o-y. The COP was affected largely on account of higher coal prices & input commodity inflation, partially offset by higher volume, better Sulphuric Acid realizations & improved recoveries.

EBITDA for the quarter was INR 5,007 Cr., up 29.2% y-o-y and 14.0% sequentially. EBITDA for the full year was at INR 16,289 Cr., up 38.8% 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 2,928 Cr., up 18.0% y-o-y and 8.4% sequentially. Increase was mainly driven by higher volumes and higher metal prices. Net Profit for the full year was INR 9,629 Cr., up 20.7% y-o-y.

During the quarter, the Company sold zinc forward equivalent to approximate 15% of FY23 projected zinc production volumes.

Reserves & Resources (R&R)

Total Ore Reserves stand at 161.2 million tonnes (net of depletion of FY22 production of 16.34 million tonnes) at the end of FY22 (150.3 million tonnes at the end of FY21) due to heightened focus on resource to reserve conversion during the year. Exclusive Mineral Resource totalled 286.73 million tonnes. Total R&R was at 447.9 million tonnes.

Total contained metal in Ore Reserves is 9.57 million tonnes of zinc, 2.45 million tonnes of lead and 298.4 million ounces of silver. The Mineral Resource contains 13.18 million tonnes of zinc, 5.86 million tonnes of lead & 576.3 million ounces of silver. At current mining rates, the R&R underpins metal production of more than 25 years.

Projects Update

- Consent to Establish (CTE) has been obtained for Hindustan Zinc Alloys Private Limited (HZAPL) to establish 30 kt plant. Orders are in the advanced stages of issuance.
- Rajpura Dariba Mill revamping for 1.1 million tonnes per annum is underway. Construction is ongoing and we expect commissioning to complete by Q3 FY23.
- For the Fumer commissioning, visa process is in advanced stages for the technical experts. The team is likely to travel by the end of April'22 and commissioning is expected to be completed by end of Q1 FY23.
- At Doswada Public Hearing could not be held due to local issues & date for next Public Hearing is awaited.

ESG update

- HZL has put into operation it's first batch of passenger Electric Vehicles (EVs) for employees. The recent additions to the EV fleet are electric scooters for security staff, passenger EVs at locations, and specialized smart underground service EV for mines (launched 1st underground EV at Zawar mines).
- Board approval is received to undertake long-term captive renewable power development plan up to a capacity of 200 MW. The project will be built under the Group captive norms and on a Build Own Operate basis. We expect delivery of power from 2025.
- Initiated Task Force on Climate-Related Financial Disclosures (TCFD) Qualitative and Quantitative study across HZL to identify the climate related risks and opportunities and the financial implications of the same on our business.
- Signed a MoU with CDP - Science Based Incubator Programme for setting the targets in line with SBTi (The Science Based Targets initiative) requirements for our commitment to reduce the greenhouse gases (GHG) emission to Zero by 2050.
- No-Objection Certificate (NOC) granted by Central Ground Water Authority (CGWA) for Zawar group of Mines and Rajpura Dariba mine expansion.

- Hindustan Zinc received ISO 37301:2021 certification for compliance management.
- HZL won its 1st Bronze medal and for the 5th year in a row placed in the Sustainability Yearbook 2022.
- HZL received CII-ITC Sustainability Awards 2021 for outstanding accomplishment in Corporate Excellence.
- HZL ranked in top 100 global companies by Global Sustainability Magazine.
- Kayad Mines received National Safety Award by Ministry of Labour and Employment.

Contribution to the exchequer

During the year, the Company contributed INR 15,676 Cr. to the Government treasury through royalties and taxes, which is 53% of total operating revenue.

Liquidity and Investment

As at end Mar'22, the Company's gross investments and cash & cash equivalents were INR 20,789 Cr. as compared to INR 17,040 Cr. as at end Dec'21 and INR 22,308 Cr. as at end Mar'21.

During the year, a total sum of INR 7,606 Cr. was paid in form of dividends & total debt repayment amounted to INR 4,355 Cr.

The Company's net investments as at end Mar'22, was INR 17,966 Cr. as compared to INR 14,227 Cr. as at end Dec'21 and INR 15,130 Cr. as at end Mar'21. The same was invested in high quality debt instruments.

Outlook for FY23

Both mined metal and refined metal production in FY23 is expected to be higher than last year. Mined metal is expected to be between 1,050-1,075 kt & Refined metal production in the range of 1,000-1,025 kt.

FY23 saleable silver production is projected to be between 700-725 MT.

Zinc cost of production in FY23 is expected to be in between US\$ 1,125-1,175 per MT. The project capex for the year is expected to be in the range of US\$ 125-150 million.

Earnings Call on Friday, April 22, 2022 at 16:00 hours (IST)

The Company will hold an earnings conference call on Friday, April 22, 2022 at 16:00 hours 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

April 22 – April 29, 2022 Playback Code: 87944

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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 producers of Zinc-Lead and Silver. The Company has its headquarters 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 & S&P Global Sustainability Yearbook 2022 and a Bronze Medal winner at the S&P Global Sustainability Awards.

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 2020' by People Business and the PeopleFirst 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 the 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.