

Hindustan Zinc Limited

Results for the First Quarter Ended June 30, 2014

Mumbai, July 21, 2014: Hindustan Zinc Limited today announced its results for the first quarter ended June 30, 2014.

Mr. Agnivesh Agarwal (Chairman, Hindustan Zinc) - "Zinc prices are looking up as market sentiments are improving and metal balance remains favourable. Our expansion projects will enhance our market leadership and we are aggressively accelerating our mine development efforts to increase future production."

Financial Summary

(In Rs. Crore, except as stated)

Particulars	Q1			Q4
	2015	2014	Change	2014
Net Sales/Income from Operations				
Zinc	2,057	1,986	4%	2,591
Lead	452	402	12%	536
Silver	318	408	-22%	375
Others	136	143	-5%	87
Total	2,963	2,939	1%	3,589
EBITDA	1,352	1,506	-10%	1,736
Profit After Taxes	1,618	1,660	-3%	1,881
Earnings per Share (Rs.)	3.83	3.93	-3%	4.45
Mined Metal Production ('000 MT)	163	238	-31%	200
Refined Metal Production ('000 MT)				
Total Refined Zinc	141	174	-19%	183
- Zinc – Integrated	139	173	-20%	179
Total Saleable Refined Lead ¹	31	31	-1%	36
- Saleable Lead – Integrated	22	27	-21%	29
Total Refined Saleable Silver ^{2,3} (in MT)	82	96	-15%	91
- Saleable Silver – Integrated	56	77	-28%	68
Wind Power (in million units)	146	162	-10%	76
Zinc CoP without Royalty (Rs. / MT)	60,093	46,765	29%	55,467
Zinc CoP without Royalty (\$ / MT)	1,005	836	20%	899
Zinc LME (\$ / MT)	2,074	1,840	13%	2,029
Lead LME (\$ / MT)	2,096	2,049	2%	2,106
Silver LBMA (\$ / oz.)	19.6	23.1	-15%	20.5
USD-INR	59.8	55.9	7%	61.8

(1) Excluding captive consumption of 1,689 MT in Q1 FY 2015, as compared with 1,644 MT in corresponding prior period.

(2) Excluding captive consumption of 8,777 MT in Q1 FY 2015, as compared with 8,844 MT in corresponding prior period.

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

Operational Performance

Mined metal production was 163,131 MT in Q1, as compared with 237,825 MT a year ago. The decrease is in-line with our mine plan, which involves lower mined metal production on a year-on-year basis in the first half of the year where we excavate more waste than ore. With higher production planned in second half, the transition to underground mining is progressing well.

Integrated refined metal production of zinc-lead during the quarter was lower by ~20% compared to a year ago, in-line with mined metal production.

The zinc metal cost of production before royalty during the quarter was Rs. 60,093 (\$1,005), which is 29% higher in Rupee and 20% higher in USD term from a year ago. The lower production volumes significantly impacted costs, accentuated by rupee depreciation, planned plant shutdowns and higher mine development.

Financial Performance

Revenues were up 1% to Rs. 2,963 crore in Q1 FY 2015 as compared with the corresponding prior period. The increase was driven by higher zinc LME price & premium and rupee depreciation, offset by lower volumes.

EBITDA decreased by 10% to Rs. 1,352 crore in Q1 FY 2015 due to lower production volumes and higher production cost.

Net profit decreased by 3% to Rs. 1,618 crore in Q1 FY 2015. The impact of lower EBITDA was partly offset by strong other income during the quarter.

Expansion Projects

During the quarter, total mine development increased by 15%. Rampura Agucha and Sindesar Khurd shaft projects are progressing well. India's first paste-fill plant is under commissioning at Rampura Agucha mine. Mine design and planning for further deepening of the pit at Rampura Agucha is under progress to explore extension of mine life.

Liquidity and investment

As on June 30, 2014, the Company had cash and cash equivalents of Rs. 26,272 crore, out of which Rs. 22,172 crore was invested in mutual funds, Rs. 2,049 crore in bonds and Rs 2,000 crore were in fixed deposits with banks. The Company follows a conservative investment policy and invests in high quality debt instruments.

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About Hindustan Zinc

Hindustan Zinc (NSE & BSE: HINDZINC) is the one of the largest integrated producers of zinc-lead with a capacity of 1.0 million MT per annum and a leading 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 total reserve & resource of 348.3 million MT and average zinc-lead reserve grade of 12.0%. The Company has a track record of consistently growing its reserve & resource base since 2003 and currently has 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 309 MW including 274 MW of wind power and 35 MW of waste heat power. The Company has an operating workforce of over 15,000 including contract workforce.

Hindustan Zinc is a subsidiary of the BSE and NSE listed Sesa Sterlite Limited (ADRs listed on the NYSE), a part of London listed 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 that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.