

Hindustan Zinc Limited

Results for the Second Quarter Ended September 30, 2015

“Strong volumes drive record performance”

Highlights for the quarter

Operational Performance

- Mined metal production – 240kt; up 13% y-o-y
- Integrated saleable zinc production – 211kt; up 22% y-o-y
- Highest ever integrated saleable lead & silver production – 39kt & 110 MT; up 53% y-o-y & 64% y-o-y respectively

Financial Performance

- Record EBITDA – Rs. 2,188 crore; up 9% y-o-y
- Net Profit – Rs. 2,285 crore; up 5% y-o-y

Interim Dividend

- Interim dividend of Rs. 1.90 per share (95%) maintained
- Special interim dividend of Rs. 1.90 per share (95%)

Mumbai, October 19, 2015: Hindustan Zinc Limited today announced its results for the second quarter and six month ended September 30, 2015.

Mr. Agnivesh Agarwal, Chairman – *“Hindustan Zinc delivered another robust performance despite strong headwinds in the commodity markets. We achieved one of our best results by resiliently adhering to our strategy of volume growth, operational efficiency and cost discipline. Under the leadership of newly appointed CEO, we remain firmly committed to our strategic goals of sustainable and profitable growth enhanced by on-going expansion projects.”*

Financial Summary

(In Rs. crore, except as stated)

Particulars	Q2			Q1	H1		
	2016	2015	Change	2016	2016	2015	Change
Net Sales/Income from Operations							
Zinc	2,886	2,839	2%	2,787	5,673	4,896	16%
Lead	507	443	14%	411	918	895	3%
Silver	357	313	14%	259	616	631	-2%
Others	158	154	3%	138	297	290	2%
Total	3,908	3,749	4%	3,596	7,504	6,712	12%
EBITDA	2,188	2,000	9%	1,672	3,860	3,352	15%
Profit After Taxes	2,285	2,184	5%	1,921	4,206	3,801	11%
Earnings per Share (Rs.)	5.41	5.17	5%	4.55	9.95	9.00	11%
Mined Metal Production ('000 MT)	240	213	13%	232	472	376	26%
Refined Metal Production ('000 MT)							
Total Refined Zinc	211	181	17%	187	398	321	24%
- Refined Zinc – Integrated	211	174	22%	187	398	312	28%
Total Saleable Refined Lead ¹	40	30	34%	31	71	61	17%
- Saleable Lead – Integrated	39	26	53%	27	67	47	41%
Total Refined Saleable Silver ^{2,3} (in MT)	112	80	39%	75	187	162	15%
- Saleable Silver – Integrated	110	67	64%	74	184	123	50%
Wind Power (in million units)	159	170	-6%	127	286	316	-9%
Zinc CoP without Royalty (Rs. / MT) ⁴	50,236	54,732	-8%	50,955	50,554	56,782	-11%
Zinc CoP without Royalty (\$ / MT)	771	903	-15%	802	787	943	-17%
Zinc LME (\$ / MT)	1,847	2,311	-20%	2,190	2,013	2,196	-8%
Lead LME (\$ / MT)	1,714	2,181	-21%	1,942	1,824	2,140	-15%
Silver LBMA (\$ / oz.)	14.9	19.8	-25%	16.4	15.6	19.7	-21%
USD-INR	64.9	60.6	7%	63.5	64.2	60.2	7%

(1) Excluding captive consumption of 1,514 MT in Q2 FY2016 and 3,698 MT in H1 FY2016 as compared with 1,762 MT and 3,451 MT in respective corresponding prior period.

(2) Excluding captive consumption of 7.8 MT in Q2 FY2016 and 19.1 MT in H1 FY2016 as compared with 9.1 MT and 17.8 MT in respective corresponding prior period.

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

(4) Historical CoP has changed due to re-allocation of administrative expenses between zinc and lead.

Note: Numbers may not add up due to rounding off.

Operational Performance

Production

Mined metal production increased by 13% to 240kt during the quarter as compared to a year ago, driven primarily by higher ore production across mines. For the six month period, mined metal production increased by 26% to 472kt from corresponding prior period.

Integrated zinc metal production during the quarter increased by 22% y-o-y to 211kt on account of enhanced smelter efficiency and conversion of WIP inventory. During H1 FY 2016, integrated zinc metal production was 398kt, up 28% from a year ago.

Integrated saleable lead and silver metal production was the highest ever during the quarter, up 53% y-o-y to 39kt and up 64% y-o-y to 110 MT respectively. This substantial increase was driven primarily by higher mined metal, smelter efficiency and better grades. Silver production also benefited from higher ore grade and volume from Sindesar Khurd mine. For the six month period, integrated saleable lead production increased by 41% to 67kt and integrated saleable silver production increased by 50% to 184 MT from a year ago.

Cost of Production

The zinc metal cost of production per MT before royalty decreased by 8% in rupee term and 15% in US dollar term to Rs. 50,236 (\$771) as compared to Rs. 54,732 (\$903) a year ago. The decrease in cost was driven by higher volumes, reduced fuel prices and cost reduction initiatives, partly offset by regulatory levies and higher underground mine development.

Financial Performance

Revenues increased by 4% during the quarter to Rs. 3,908 crore from a year ago, driven by significant increase in volumes and rupee depreciation even as LME prices and zinc premiums declined. In H1 FY 2016, revenues increased by 12% to Rs. 7,504 crore.

EBITDA was at an all time high, increasing by 9% y-o-y to Rs. 2,188 crore in Q2 FY 2016 primarily on account of higher revenues, rupee depreciation and lower cost of production, supported by write back of excess provisioning for contribution to District Mineral Foundation (DMF). For six month period, EBITDA increased by 15% to Rs. 3,860 crore.

During the quarter, Government of India notified the contribution towards DMF at 30% of royalty for existing mining leases, payable w.e.f. January 12, 2015. Accordingly, the Company has revised its DMF liability resulting in a write back of Rs. 140 crore provisioned during the prior quarters.

Net profit increased by 5% to Rs. 2,285 crore during the quarter as compared to a year ago on account of higher operating profit and increase in investment income, partly offset by higher tax rate. In H1 FY 2016, net profit was up by 11% to Rs. 4,206 crore.

Expansion Projects

Rampura Agucha open pit deepening project, undertaken to de-risk the transition to underground mine, is on track. The underground mine project is progressing well and regular stoping will start in the current quarter. The main shaft sinking is now progressing as per plan.

At Sindesar Khurd mine, the development of two auxiliary lenses as separate production centres is in full swing which has helped in ramping up the mine better than original plan and will increase the production capacity from 2 million MT to 3 million MT by year end.

The ramp up of Kayad mine is progressing well and is expected to achieve 1 million MT production capacity by year end.

Dividend

The Board of Directors has declared a special interim dividend of 95% i.e. Rs. 1.90 per share, in addition to maintaining last year's interim dividend of 95% i.e. Rs 1.90 per share on equity share of Rs. 2 each. Record date fixed for both the dividends is October 26, 2015.

Liquidity and investment

As on September 30, 2015, cash and cash equivalents were Rs. 34,568 crore, out of which Rs. 25,310 crore was invested in mutual funds, Rs. 5,530 crore in bonds and Rs. 3,505 crore in fixed deposits. The Company follows a conservative investment policy and invests in high quality debt instruments.

Earnings Call on Tuesday, October 20, 2015 at 11:00 am (IST)

The Company will hold an earnings conference call on Tuesday, October 20, 2015 at 11:00 am IST, where senior management will discuss the Company's results and performance. The dial in numbers for the call is given below:

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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 375.1 million MT and average zinc-lead reserve grade of 11.5%. 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 18,000 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 London listed 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.