

## **Hindustan Zinc Limited**

### **Results for the First Quarter Ended June 30, 2021**

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***“PAT at INR1,983 Cr., up 46% Y-o-Y, Record-High first quarter refined metal & silver production”***

#### **Highlights for the quarter**

- Mined metal production: 221kt
- Refined metal production: 236kt
- Saleable silver production: 161 tons
- Zinc COP: \$1070 per ton

**Udaipur, July 22, 2021:** Hindustan Zinc Limited, the leading global integrated producer of zinc, lead and silver, reported its results for the first quarter ended June 30, 2021.

Commenting on the Q1 performance, **Mr Arun Misra, CEO**, said: *“We delivered highest-ever Q1 ore, refined metal & silver production. After exiting at a run-rate of 1.2 mtpa in fiscal year 2021, we maintained the momentum of production in Q1 with Year-on-Year growth of 15% in ore, 17% in refined metal & 37% in silver in spite of the spurt in covid cases in the second wave of the pandemic. Besides good operational performance, I am happy to inform that Hindustan Zinc has received 'Most Sustainable Company in the Mining Industry – 2021' award from World Finance Sustainability Award 2021. Also, our Rampura Agucha mine has won CII's 'Best Application & Use of Renewable Energy' award in the 5th Edition CII National Energy Efficiency circle -2021”*

**Mr Vinaya Jain, Sr. VP & Head Finance**, said: *“We delivered our best ever Q1 Revenue, EBITDA and Profit after tax (PAT). Our strong balance sheet enables us to make proactive investments in operations and digitalization that will further enhance our mining output. We do recognize the headwinds from rising input commodity prices and are doubling our efforts to address them through long lasting structural cost initiatives. Additionally, we remain committed to our ESG goals and will continue to deploy necessary resources towards them. Sharp focus on cost leadership and profitability while building a sustainable business, will ensure long term value to all stakeholders.”*

## Financial Summary

INR. Crore or as stated

Particulars	Q1			Q4	
	2021	2020	Change	2021	Change
<b>Sales<sup>1</sup></b>					
Zinc	4,291	2,562	67%	4,241	1%
Lead	826	604	37%	999	-17%
Silver	1,106	643	72%	1,352	-18%
Others	308	180	71%	355	-13%
Total	6,531	3,989	64%	6,947	-6%
<b>EBITDA</b>	3,558	1,599	123%	3,875	-8%
Profit After Taxes	1,983	1,359	46%	2,481	-20%
<b>Earnings per Share</b>	4.69	3.22	46%	5.87	-20%
(INR, not annualised)					
<b>Mined Metal Production (kt)</b>	221	202	9%	288	-23%
<b>Refined Metal Production (kt)</b>					
Total Refined Metal					
Zinc	188	157	20%	195	-4%
Saleable Lead <sup>2</sup>	48	45	9%	61	-21%
Zinc & Lead	236	202	17%	256	-8%
Saleable Silver <sup>3,4</sup> (in tons)	161	117	37%	203	-21%
Wind Power (in million units)	140	112	25%	65	115%
<b>Refined Metal Sales (kt)</b>					
Zinc (kt)	187	163	15%	198	-5%
Lead (kt)	49	45	9%	62	-21%
Silver (tons)	160	146	10%	203	-21%
Zinc CoP without Royalty (INR/ton)	78,952	76,920	3%	68,969	14%
Zinc CoP without Royalty (\$/ton)	1,070	1,019	5%	945	13%
Zinc LME (\$ / ton)	2,916	1,961	49%	2,750	6%
Lead LME (\$ / ton)	2,128	1,673	27%	2,018	5%
Silver LBMA (\$ / oz.)	26.7	16.4	63%	26.3	2%
USD-INR (average)	73.76	75.48	-2%	72.95	1%

(1) Including other operating income

(2) Excluding Captive consumption of 1,611 MT in Q1 FY 2022 as compared with 1,202 MT in Q1 FY 2021 and 1,825 MT in Q4 FY2021.

(3) Excluding captive consumption of 8.9 MT in Q1 FY2022 as compared with 6.2 MT in Q1 FY 2021 and 9.1 MT in Q4 FY2021.

(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 9% y-o-y to 221kt on account of higher ore production, partly offset by lower overall grade. Sequentially, MIC production was down 23% on account of lower ore production and overall grades.

Integrated metal production was 236kt for the quarter, up 17% y-o-y in line with higher mined metal availability. Sequentially it was down 8% in-line with lower ore production due to lack of operator availability at the mines in view of second wave of COVID-19.

Integrated zinc production was 188kt, up 20% y-o-y and down 4% sequentially. Integrated lead production was 48kt, up 9% y-o-y and down 21% sequentially.

Integrated silver production was 161tons, up 37% from a year ago in line with higher lead production, partly offset by lower grades at Sindesar Khurd (SK) mine, while it was down 21% sequentially primarily in-line with lower lead production.

## Financial Performance

Revenue from operations during the quarter was INR 6,378 Crore, an increase of 64% 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 9% y-o-y in line with higher production and robust demand.

Sequentially, revenue was down 5%, primarily driven by lower zinc, lead and silver volumes, lower metal premium, partly offset by higher zinc & lead LME prices and rupee depreciation. Zinc volume was down 5% and lead & silver volumes were both down 21% each. This was mainly due to lack of operator availability in view of second wave of covid-19. Zinc LME prices were sequentially up 6%, while lead prices were up 5%.

Zinc cost of production before royalty (COP) during the quarter was \$1,070 (Rs. 78,952) per ton, higher by 5% y-o-y, (up 3% in INR terms and up 13% sequentially in USD terms (up 14% in INR terms). The increase in COP is primarily due to surge in input commodity prices.

Sequentially there was an increase in coal and diesel prices, cement prices as well as higher power costs coupled with lower volumes leading to an upward pressure on COP which was only partly offset by higher sulphuric acid credits and lower met coal cost.

EBITDA for the quarter soared to INR 3,558 Crore, up 123% y-o-y and down 8% sequentially. Year-on-Year EBITDA was up on account of higher Zinc Lead LME and increase in Silver prices as well as higher metal premiums. Sequentially EBITDA was lower on account of lower revenue, and higher costs.

Net profit for the quarter was INR 1,983 Crore, up 46% y-o-y and down 20% sequentially. Increase was mainly driven by recovery in metal prices and higher volumes.

## Outlook for FY22

We maintain our below mentioned guidance on operational & financial metrics for the fiscal year 2022. In light of rising input commodity prices, management is closely monitoring the situation and taking all necessary actions to combat it.

Both mined metal and finished metal production in FY2022 is expected to be c.1025-1050 KT each.

FY2022 saleable silver production is 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.

## Projects Update

Digitalisation drive across all mines continued during the quarter. Initiatives such as setting up of digital control room with short interval control to Reducing stope cycle time, Online analyser for impurity tracking to maintain higher current efficiencies are underway.

Post integration, the shafts at Rampura Agucha mine and Sindesar Khurd mine are fully operational. Ventilation & cooling systems (chiller units) have been deployed to facilitate the same in a seamless manner. Moreover, increased usage of Advanced Process Control (APC) at both SK and RD Mills for purpose of grinding are used to improve recoveries.

Covid-19 restrictions including stringent visa guidelines for Chinese nationals continued during the quarter which resulted in a delay in the commissioning of the Fumer plant at Chanderiya. We expect Fumer commissioning to be completed by end of November 2021.

## Liquidity and investment

As on June 30, 2021, the Company's gross investments and cash & cash equivalents were Rs.23,902 Crore as compared to Rs.22,308 Crore at the end of the fourth quarter (Mar'21).

The Company's net investments and cash & cash equivalents as at end of June 30, 2021 was Rs.17,249 Crore as compared to Rs.15,130 Crore at the end of the fourth quarter (Mar'21) and was invested in high quality debt instruments.

## Earnings Call on Thursday, July 22, 2021 at 4:00 pm (IST)

The Company will hold an earnings conference call on Thursday, July 22, 2021 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

Jul 22 - Jul 29, 2021 Playback Code: 60204

### For further information, please contact:

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### About Hindustan Zinc Limited:

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 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 7th globally in the Dow Jones Sustainability Index 2020 in the metal & mining sector. 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 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 500,000 people in 184 core villages of Rajasthan and 5 in Uttarakhand.

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.

### Hindustan Zinc Limited

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