

Hindustan Zinc Limited

Results for the First Quarter Ended June 30, 2020

“Ramped-up operation delivered healthy performance”

Highlights for the quarter

- Mined metal production: 202kt
- Refined metal production: 202kt
- Saleable silver production: 117 MT
- Zinc COP*: \$1,019 per MT

*Operating COP of \$954 adjusted for COVID-19 related donations of \$53 per MT and one-time start-up cost

Udaipur, July 21, 2020: Hindustan Zinc Limited, the leading global integrated producer of zinc, lead and silver, reported its results for the first quarter ended June 30, 2020.

Commenting on the Q1 performance, **Mr Sunil Duggal, CEO**, said: *“Our strong performance during these difficult times demonstrates the spirit and resilience of our people, who transformed a crisis into an opportunity. The resulting streamlining of our operations has also laid a strong foundation, which will have a lasting positive impact on our performance.”*

Mr Arun Misra, Deputy CEO, said: *“We successfully restarted our operations post the lifting of COVID-19 lockdown in April and ramped up our operations across all mines and smelters to near normal levels. In these uncertain times, our priority continues to be safety of our people and continuity of our operations in order to deliver robust growth in the quarters to come.”*

Mr Swayam Saurabh, CFO, said: *“Our cost optimisation programme launched last year has started to yield results. With digitalization & automation projects taking roots in our day-to-day operations, we expect to deliver higher volume at lower costs this year.”*

Financial Summary

Rs. Crore or as stated

Particulars	Q1			Q4	
	2021	2020	Change	2020	Change
Sales¹					
Zinc	2,562	3,510	-27%	2,920	-12%
Lead	604	684	-12%	692	-13%
Silver	643	576	12%	601	7%
Others	180	217	-17%	178	1%
Total	3,989	4,987	-20%	4,391	-9%
EBITDA	1,599	2,480	-36%	1,961	-18%
Profit After Taxes	1,359	1,765	-23%	1,339	1%
Earnings per Share	3.22	4.18	-23%	3.17	2%
(Rs., not annualised)					
Mined Metal Production ('000 MT)	202	213	-5%	249	-19%
Refined Metal Production ('000 MT)					
Total Refined Metal					
Zinc	157	172	-8%	172	-9%
Saleable Lead ²	44	48	-7%	49	-10%
Zinc & Lead	202	219	-8%	221	-9%
Saleable Silver ^{3,4} (in MT)	117	159	-26%	168	-30%
Wind Power (in million units)	112	134	-16%	71	58%
Zinc CoP without Royalty (Rs/MT) and one-time COVID-19 related donations and start-up cost ⁵	72,004	74,220	-3%	72,220	0%
Zinc CoP without Royalty (\$/MT) and one-time COVID-19 related donations and start-up cost ⁵	954	1067	-11%	997	-4%
Zinc LME (\$ / MT)	1,961	2,763	-29%	2,128	-8%
Lead LME (\$ / MT)	1,673	1,885	-11%	1,847	-9%
Silver LBMA (\$ / oz.)	16.38	14.88	10%	16.90	-3%
USD-INR (average)	75.48	69.58	8%	72.45	4%

(1) Including other operating income

(2) Excluding Captive consumption of 1,202 MT in Q1 FY 2021 as compared with 1,822 MT in Q1 FY 2020 and 1,755 MT in Q4 FY2020.

(3) Excluding captive consumption of 6.2 MT in Q1 FY2021 as compared with 9.4 MT in Q1 FY 2020 and 9.0 MT in Q4 FY2020.

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

(5) Reported Zinc CoP without royalty was \$1,019 (Rs 76,920) per MT in Q1 FY2021

Operational Performance

Mined metal production for the quarter was down 5% y-o-y and 19% sequentially to 202kt due to fewer days of production in April and lower workforce availability on account of restrictions related to COVID-19. Ore grades were flat from a year ago and were lower sequentially as per mine plan and mix shift.

Integrated metal production was 202kt for the quarter, down 8% y-o-y and 9% sequentially due to lower production in April. Integrated zinc production was 157kt, down 8% y-o-y and 9% sequentially while integrated lead production was 44kt, down 7% y-o-y and 10% sequentially. Integrated saleable silver production was 117 MT, down 26% y-o-y and 30% sequentially due to delayed stabilization of DSC lead smelter and increase in WIP, partly offset by higher silver grades.

Financial Performance

Revenue from operations during the quarter was Rs. 3,989 Crore, a decrease of 20% y-o-y and 9% sequentially primarily due to a 29% y-o-y and 8% sequential decline in zinc LME prices, 11% y-o-y and 9% sequential decline in lead LME prices, lower metal premium, and COVID-19 impacted lower volume, partly offset by rupee depreciation.

Zinc cost of production (COP) before royalty and adjusted for one-time costs (COVID-19 related donations & start-up costs) was \$ 954 (Rs 72,004) per MT for the quarter, lower by 11% (3% in Rs) y-o-y and lower by 4% sequentially (flat in Rs). Reported COP was \$1,019 (Rs. 76,920) per MT and included Rs. 101 Crore (\$53 per MT) for contribution towards PM-CARES fund. The COP benefitted from continued decline in coal, diesel and metcoke prices as well as structural cost reduction initiatives in the areas of consumption, contracting, fixed cost base and digitalization driven efficiency. These were partly offset by lower volume, lower grades sequentially and weak acid credits.

EBITDA for the quarter was Rs. 1,599 Crore, down 36% y-o-y and 18% sequentially on account of lower revenue, contribution towards COVID-19 donations and one-time start-up costs, partly offset by lower operating costs.

Net profit for the quarter was Rs. 1,359 Crore, a decline of 23% y-o-y and up 1% sequentially. The decline in EBITDA was partly offset by higher investment income primarily on account of mark-to-market gains due to favourable interest rate movement.

Outlook

Both mined metal and finished metal production in FY2021 will be higher than last year and is expected to be between 925-950 KT each. FY2021 saleable silver production is projected at c.650 MT.

Zinc cost of production in FY2021 is expected to remain below \$1,000 per MT. The project capex for the year is expected to be in the range of US\$100-140 million.

Expansion Projects

Project work was resumed at all sites in June while complying with COVID-19 guidelines and providing essential training and awareness to ensure safety and well-being of all workers and business partners.

Consequently, the commissioning of back-fill plants at Zawar is expected to be completed in Q2. Fumer plant is ready for commissioning and is waiting for OEM support delayed due to visa and travel restrictions.

We commissioned a 10 MLD STP in Udaipur and another 5 MLD plant is in its final stages of commissioning, which will take the total STP capacity to 60 MLD. This will treat major portion of the sewage of Udaipur city. While part of the recycled water will continue to be used by our plants, the remaining water will be discharged back into the river to augment ground water levels and help downstream agriculture.

Liquidity and investment

As on June 30, 2020, the Company's net cash and cash equivalents was Rs. 15,480 Crore as compared to Rs. 21,596 Crore at the end of FY2020 and was invested in high quality debt and other fixed income instruments.

Earnings Call on Tuesday, July 21, 2020 at 4:00 pm (IST)

The Company will hold an earnings conference call on Tuesday, July 21, 2020 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

Local Access (Available all over India) +91-7045671221

Playback Dial-In Numbers +91 22 71945757, +91 22 66635757
Jul 21 - Jul 28, 2020 Playback Code: 20822

For further information, please contact:

Preeti Dubey, CFA
Investor Relations
preeti.dubey@vedanta.co.in

Shweta Arora
Investor Relations
Shweta.arora@vedanta.co.in

Abhishek Jha
Investor Relations
Abhishek.jha@vedanta.co.in

About Hindustan Zinc

Hindustan Zinc (NSE & BSE: HINDZINC) is the one of the largest integrated producers of zinc-lead in the world with a capacity of over 1.0 million MT per annum and the 6th largest global 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 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 347 MW including 273.5 MW of wind power, 39.6 MW of solar power and 35.4 MW of waste heat power. The Company has an operating workforce of over 19,100 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 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.