

## Hindustan Zinc Limited

### Results for the Fourth Quarter and Full Year Ended March 31, 2020

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*“Robust Q4 production despite Covid-19; All key projects for 1.2 mtpa capacity complete”*

#### Highlights for the quarter

- Mined metal production of 249kt, up 6% q-o-q
- Refined metal production of 221kt, up 1% q-o-q
- Silver production of 168 MT, up 12% q-o-q

#### Highlights for the year

- Mined metal production of 917kt, down 2%
- Refined metal production of 870kt, down 3%

**Udaipur, May 21, 2020:** 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, 2020.

Commenting on the Q4 and FY performance, **Mr Sunil Duggal, CEO**, said: *“Industrial activity across the globe is undergoing a level of disruption unforeseen since the second world-war. In these challenging times, our focus is business continuity and safety of our people & operations and supporting our communities affected by the pandemic. We have ramped up our operations back to normal levels and are confident of delivering good performance in FY2021.”*

**Mr Swayam Saurabh, CFO**, said: *“We are accelerating our sustainable cost reduction programs and finding new opportunities to control costs & conserve capital in rapidly evolving ecosystems. We are confident to emerge stronger from the current economic crisis and generate superior returns for our shareholders.”*

## Financial Summary

Rs. Crore or as stated

Particulars	Q4			Q3		FY		
	2020	2019	Change	2020	Change	2020	2019	Change
<b>Sales<sup>1</sup></b>								
Zinc	2,920	3,689	-21%	3,165	-8%	12,645	14,477	-13%
Lead	692	809	-14%	652	6%	2,699	3,159	-15%
Silver	601	745	-19%	690	-13%	2,445	2,568	-5%
Others	178	248	-28%	165	8%	772	914	-16%
Total	4,391	5,491	-20%	4,672	-6%	18,561	21,118	-12%
<b>EBITDA</b>	1,961	2,797	-30%	2,288	-14%	8,849	10,747	-18%
Profit After Taxes	1,339	2,012	-33%	1,620	-17%	6,805	7,956	-14%
<b>Earnings per Share</b> (Rs., not annualised)	3.17	4.76	-33%	3.83	-17%	16.11	18.83	-15%
<b>Mined Metal Production ('000 MT)</b>	249	245	2%	235	6%	917	936	-2%
<b>Refined Metal Production ('000 MT)</b>								
Total Refined Metal								
Zinc	172	175	-2%	178	-4%	688	696	-1%
Saleable Lead <sup>2</sup>	49	53	-7%	41	20%	181	198	-8%
<i>Zinc &amp; Lead</i>	221	227	-3%	219	1%	870	894	-3%
Saleable Silver <sup>3,4</sup> (in MT)	168	191	-12%	149	12%	610	679	-10%
Wind Power (in million units)	71	77	-8%	68	4%	437	449	-3%
Zinc CoP without Royalty (Rs. / MT)	72,220	67,359	7%	76,571	-6%	74,172	70,444	5%
Zinc CoP without Royalty ( \$ / MT)	997	956	4%	1,077	-7%	1,047	1,008	4%
Zinc LME ( \$ / MT)	2,128	2,702	-21%	2,388	-11%	2,402	2,743	-12%
Lead LME ( \$ / MT)	1,847	2,036	-9%	2,045	-10%	1,952	2,121	-8%
Silver LBMA ( \$ / oz.)	16.9	15.6	9%	17.3	-2%	16.5	15.4	7%
USD-INR (average)	72.45	70.49	3%	71.06	2%	70.86	69.89	1%

(1) Including other operating income

(2) Excluding Captive consumption of 1,755 MT in Q4 FY 2020 as compared with 1,403 MT in Q4 FY 2019 and 1,937 MT in Q3 FY2020. Excluding captive consumption of 7,088 MT in FY2020 vs. 6,534 MT in FY2019

(3) Excluding captive consumption of 9.0 MT in Q4 FY2020 as compared with 7.5 MT in Q4 FY 2019 and 10.1 MT in Q4 FY2020. Excluding captive consumption of 36.7 MT in FY2020 vs. 34.2 MT in FY2019

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

## Our response to Covid-19

We have taken a pro-active approach to keep our assets and people safe while increasing engagement with our communities during these difficult times. The Company's operations were halted from March 22 and most employees were encouraged to work from home barring some employees who attended the call for duty to keep production assets safe including critical care & maintenance. To ensure business continuity, a committee COVID-19 Response 'War Room' was created to identify and implement critical business decisions to restart mines & plants in a safe manner and ramp-up while ensuring restoration of supply-chain. We gradually restarted our operations from April 8<sup>th</sup> and all our mines and smelters were operational in a couple of weeks. In the month of April 2020, we ramped up our mines and smelters to 40% and 80% of capacity respectively.

For our communities, we carried out sanitation drive in 189+ villages around our operations and extended support in the form of ready-to-eat meals to vulnerable section of society including daily wage earners and street dwellers, dry ration to 30,000+ families and masks & equipment to make PPEs to villagers and administration. We also leveraged our existing community programs like Sakhi, Khushi, etc to create grass-root capabilities at villages to make interventions sustainable and locally owned. Besides these direct interventions, we have also contributed Rs 101 Crore to PM CARES and another Rs 5 Crore to Rajasthan Chief Minister COVID-19 Mitigation Fund.

## Operational Performance

Mined metal production for the quarter was up 2% y-o-y to 249kt despite operations shutdown from March 22 onwards in compliance with lockdown to combat Covid-19. Mined metal was higher y-o-y on account of higher ore production and better overall grade. Sequentially, mined metal production was up 6% on account of continued improvement in ore grades across mines. For the full year, mined metal production was 917kt, down 2% y-o-y primarily on account of fewer days to production due to lockdown related to Covid-19 and low grades at Sindesar Khurd during H1 & Kayad mines.

Integrated metal production was 221kt for the quarter, down 3% y-o-y and up 1% sequentially due to lockdown in March. Integrated zinc production was 172kt, down 2% y-o-y and 4% sequentially. Integrated lead production was 49kt, down 7% y-o-y while it was up 20% sequentially as Dariba lead smelter resumed normal operations during the quarter. Integrated silver production was 168 MT, down 12% from a year ago due to lower lead production partly offset by better SK silver grades and improving silver recovery rate, while it was up 12% sequentially on account of higher lead production, better grades and higher silver recovery rate.

For the full year, metal production was down 3% to 870kt and silver production was lower by 10% to 610 MT on account of fewer day of production in March due to lockdown, lower lead production in Q2 & Q3 due to temporary operational issues and lower silver grades.

## Financial Performance

Revenue from operations during the quarter was Rs. 4,391 Crore, a decrease of 6% sequentially primarily due to a 11% decline in LME prices and lower metal premium, partly offset by higher volumes. From a year ago, revenue declined by 20% on account of an average 19% decline in LME prices, lower lead & silver volume and lower zinc premium, partly offset by higher silver prices and rupee depreciation. For the full year, revenue was lower by 12% to Rs 18,561 Crore on account of an average 12% decline in LME prices and lower volume, partly offset by higher silver prices and rupee depreciation.

Zinc cost of production before royalty (COP) during the quarter was \$997 (Rs. 72,220) per MT, higher by 4% (7% in Rs) y-o-y and lower by 7% sequentially (6% in Rs). The sequential decline in COP is due to higher volume, better grades, lower employee expense, improved input commodity costs, partly offset by higher R&M and lower acid credits. The y-o-y increase in COP in Q4 included lower volume, higher R&M expense, higher cement prices and lower acid credits, partly offset by lower coal costs and lower employee expense. For the full year, zinc COP excluding royalty was \$1047 (Rs. 74,172), higher by 4% y-o-y (5% in Rs). The COP increase reflects higher mine development expense, higher R&M expense, lower grades and volume, lower acid credits and higher cement prices, partly offset by lower coal costs, lower employee expense and digitisation led operational efficiency. The COP was impacted by higher electricity duty on captive power plants from Rs 0.40 to Rs 0.60 per unit starting July 2019.

EBITDA for the quarter was Rs. 1,961 Crore, down 14% sequentially on account of lower revenue partly offset by lower operating costs. EBITDA was down 30% in Q4 and 18% for the full year from a year ago primarily on account of lower LME prices.

Net profit for the quarter was Rs. 1,339 Crore, a decline of 17% sequentially and 33% y-o-y. The sequential decline in EBTIDA was accentuated by a higher tax rate, partly offset by higher investment income. From a year ago, Net profit in Q4 was impacted by higher tax rate and lower investment income.

For the full year, Net profit was Rs 6,805 Crore, down 14%, wherein the impact of lower EBITDA and higher D&A expense was partly offset by higher investment income due to higher corpus & rate of return and lower tax rate due to one-time deferred tax reversal.

## Dividend

On May 12, 2020, the Board of Directors declared an interim dividend of Rs 16.50 per equity share with face value of Rs 2 each, amounting to Rs 6972 Crore.

## Outlook

Owing to uncertainty around ongoing lockdowns and business disruption risk, we are deferring guidance for FY 2021 to end of Q1. Our current focus remains around sustaining normal level of productions, active management of costs and capital conservation.

## Expansion Projects

### Update on ongoing expansion projects during the quarter

All major projects to build capacity of 1.2 mtpa were completed during the year. Capital mine development decreased by 3% y-o-y to 11.6 km in Q4 and increased by 12% to 48 km in FY2020.

At Rampura Agucha, a major milestone was achieved with start of ore hauling post commissioning of production shaft during the quarter. This will enable RA UG to achieve production capacity of over 5.0 mtpa.

At Zawar, the two backfill plants are under load trials and back filling of voids is expected to commence in May 2020. This initiative will improve mine stability and provide an opportunity for pillar mining to remove left-out high-grade ore.

At Rajpura Dariba, the existing production shaft is being upgraded from 0.7 to 1.3 mtpa over two phases to debottleneck the mine; upgrade to 0.9 mtpa is expected to complete in FY2021 and further to 1.3 mtpa in FY2022.

Other projects:

The Fumer plant at Chanderiya is ready for start-up and production is expected to commence in May 2020

## Reserve & Resource (R&R)

Total ore reserves increased from 92.6 million tonnes at the end of FY 2019 to 114.7 million MT at the end of FY 2020 while mineral resources totalled 288.3 million MT. Total R&R is unchanged at 403 million MT from a year ago as ore consumed during the year was replenished.

Total contained metal in ore reserves is 7.95 million MT of zinc, 2.07 million MT of lead and 256.2 million ounces of silver and the mineral resource contains 15.87 million MT of zinc, 5.93 million MT of lead and 641.8 million ounces of silver. At current mining rates, the R&R underpins metal production for more than 25 years.

## Contribution to the exchequer

During the year, the Company contributed Rs. 5,280 Crore to the Government treasury through royalties and taxes, which is 28% of revenue.

## Liquidity and investment

As on March 31, 2020, the Company's net cash and cash equivalents was Rs. 21,596 Crore as compared to Rs. 16,953 Crore at the end of FY 2019 and was invested in high quality debt instruments. The portfolio continues to be rated "Tier -1" implying Highest Safety by CRISIL.

## Earnings Call on Thursday, May 21, 2020 at 4:00 pm (IST)

The Company will hold an earnings conference call on Thursday, May 21, 2020 at 4.00 pm IST, where senior management will discuss the Company's results and performance.

### Conference Dial In Information:

Universal Access	+91 22 6280 1340 +91 22 7115 8241
Local Access (Available all over India)	+91 70456 71221
Playback Dial In Numbers May 21 – May 28, 2020	+91 22 7194 5757, 6663 5757 Playback Code: 24575

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## 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 1.1 million MT per annum and the 6<sup>th</sup> 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 274 MW of wind power, 39 MW of solar power and 34 MW of waste heat power. The Company has an operating workforce of over 21,000 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 Vedanta Resources Ltd, 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.