Hindustan Zinc Limited

Results for the Third Quarter Ended December 31, 2015

"Another quarter of strong operating performance"

Highlights for the quarter

- Highest ever integrated saleable silver production at 116 MT; up 67% y-o-y
- Integrated saleable zinc production up 8% y-o-y at 206kt
- Integrated saleable lead production up 42% y-o-y at 35kt
- Mined metal production marginally lower from a year ago at 228kt

Mumbai, January 21, 2016: Hindustan Zinc Limited today announced its results for the third quarter ended December 31, 2015.

Mr. Agnivesh Agarwal, Chairman – *"We are happy to report strong refined metal production with silver touching new highs. However, the current low zinc metal prices are contrary to the market fundamentals. We are carrying out a review of our high cost operations to ensure all of our operations are sustainable in the present weak zinc market."*

Unaudited Financial Summary

(*In Rs. crore, except as stated*)

Particulars	Q3			Q2	Nine months ended 31 December		
	2016	**2015**	***Change***	**2016**	**2016**	**2015**	**Change**
Net Sales/Income from Operations							
Zinc	2,472	2,994	-17%	2,886	8,145	7,890	3%
Lead	430	419	3%	507	1,348	1,314	3%
Silver	368	283	30%	357	984	914	8%
Others	115	108	6%	158	412	398	3%
Total	3,385	3,804	-11%	3,908	10,889	10,516	4%
EBITDA	1,469	2,089	-30%	2,188	5,329	5,441	-2%
Profit After Taxes	1,811	2,379	-24%	2,285	6,017	6,181	-3%
Earnings per Share (Rs.)	4.29	5.63	-24%	5.41	14.24	14.63	-3%
Mined Metal Production ('000 MT)	228	242	-6%	240	700	618	13%
Refined Metal Production ('000 MT)							
Total Refined Zinc	206	196	5%	211	605	517	17%
- Refined Zinc – Integrated	206	192	8%	211	605	504	20%
Total Saleable Refined Lead[1]	35	30	17%	40	107	91	17%
- Saleable Lead – Integrated	35	25	42%	39	102	72	42%
Total Refined Saleable Silver[2,3](in MT)	116	85	37%	112	303	247	23%
- Saleable Silver – Integrated	116	70	67%	110	300	192	56%
Wind Power (in million units)	67	55	22%	159	353	371	-5%
Zinc CoP without Royalty (Rs. / MT)[4]	52,383	50,271	4%	50,236	51,137	54,277	-6%
Zinc CoP without Royalty ($ / MT)	795	812	-2%	771	789	893	-12%
Zinc LME ($ / MT)	1,613	2,235	-28%	1,847	1,878	2,209	-15%
Lead LME ($ / MT)	1,681	2,000	-16%	1,714	1,776	2,093	-15%
Silver LBMA ($ / oz.)	14.8	16.5	-10%	14.9	15.3	18.6	-18%
USD-INR	65.9	62.0	6%	64.9	64.8	60.8	7%

(1) Excluding captive consumption of 2,051 MT in Q3 FY2016 as compared with 2,394 MT in corresponding prior period.
(2) Excluding captive consumption of 10.7 MT in Q3 FY2016 as compared with 12.5 MT in 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

Mined metal production was 228,082 MT in Q3 as compared with 242,416 MT a year ago. The decrease was largely on account of change in mining mix due to increased contribution from Sindesar Khurd mine and Kayad mine, resulting in lower average grades. For the nine month period, mined metal production increased by 13% to 700,458 MT from corresponding prior period.

While Q4 is expected to be weak as per mine plan, full year guidance of marginal growth in mined metal production is maintained; production of refined metals will also be ahead of previous year with silver being significantly higher.

Integrated zinc and lead metal production during the quarter increased by 8% y-o-y and 42% y-o-y to 206,322 MT and 35,352 MT respectively on account of enhanced smelter efficiency and conversion of inventories. For the nine month period, integrated zinc and lead metal production increased by 20% and 42% respectively from corresponding prior period.

Integrated silver metal production was the highest ever during the quarter, up 67% y-o-y to 116 MT. The increase was driven primarily by enhanced volumes from Sindesar Khurd mine as well as higher smelter efficiency. For the nine month period, integrated silver production increased by 56% to 300 MT from a year ago.

The zinc metal cost of production per MT before royalty during the quarter was Rs. 52,383 ($795), which is marginally higher by 4% in rupee terms (lower by 2% in USD terms) from a year ago. The increase is attributed to lower average grades due to change in mining mix, increased & additional regulatory levies and rupee depreciation. This was partly offset by lower coal & commodity prices and higher volumes with better efficiencies. Looking at the current downturn in LME prices, the Company has embarked on a journey of reducing the cost structures to sustain the competiveness of its operations.

Financial Performance

Revenues during the quarter were Rs. 3,385 crore, which is 11% lower from a year ago. The impact of higher volumes and rupee depreciation was more than offset by lower LME prices and zinc premium.

EBITDA during the quarter was Rs. 1,469 crore, which is 30% lower from a year ago primarily on account of lower LME prices and impact of newly levied contribution to the District Mineral Foundation of Rs. 84 crore.

Net profit decreased to Rs. 1,811 crore during the quarter as compared to Rs. 2,380 crore a year ago in line with above and due to lower investment income, partly offset by lower tax.

Expansion Projects

With the on-going multi-year transition to underground mining, mine development is crucial to sustaining future production for the Company. Total mine development during the quarter was accelerated by 55% y-o-y, achieving an all-time record of 15,822 metres.

Sindesar Khurd mine ramped up production capacity to a run rate of 3 million MT per annum three months ahead of the schedule indicated earlier, supported by the development of two auxiliary lenses as separate production centres. During the quarter, mill debottlenecking was completed in-line with the mine production, while a new mill project of 1.5 million MT per annum capacity also commenced. The shaft sinking project continues to be ahead of plan.

Rampura Agucha main shaft sinking crossed 860 metres during the quarter of the ultimate depth of 950 metres. Pre-stripping for further deepening of the open pit is progressing satisfactorily, mitigating the risk of delays in decline development and regular stoping from underground mine due to ore body characteristics.

The ramp up of Kayad mine is on track and is expected to achieve 1 million MT per annum production capacity run rate by year end, making it one of the fastest underground mine ramp ups.

Zawar and Rajpura Dariba mine expansion projects are being reviewed in the light of current environment of low commodity prices.

Liquidity and investment

As on December 31, 2015, cash and cash equivalents were Rs. 32,639 crore, out of which Rs. 23,581 crore was invested in mutual funds, Rs. 5,575 crore in bonds and Rs. 3,480 crore in fixed deposits. The Company follows a conservative investment policy and invests in high quality debt instruments.

Earnings Call on Friday, January 22, 2016 at 11:00 am (IST)

The Company will hold an earnings conference call on Friday, January 22, 2016 at 11:00 am IST, where senior management will discuss the Company's results and performance. The dial in numbers for the call are given below:

Primary: +91 22 6746 5962
Secondary: +91 22 3960 0762

For further information, please contact:

Media enquiries
Group Communications
gc@vedanta.co.in
Tel: +91 22 6646 1000

Investor Relations
Investor Relations
vedantalimited.ir@vedanta.co.in
Tel: +91 22 6646 1531

About Vedanta Limited (Formerly Sesa Sterlite Limited.)

Vedanta Limited is a diversified natural resources company, whose business primarily involves producing oil & gas, zinc - lead - silver, copper, iron ore, aluminium and commercial power. The company has a presence across India, South Africa, Namibia, Australia, Ireland, Liberia and Sri Lanka.

Vedanta Limited, formerly Sesa Sterlite Limited is the Indian subsidiary of Vedanta Resources Plc, a London-listed company. Governance and Sustainable Development are at the core of Vedanta's strategy, with a strong focus on health, safety and environment and on enhancing the lives of local communities. Vedanta Limited is listed on the Bombay Stock Exchange and the National Stock Exchange in India and has ADRs listed on the New York Stock Exchange.

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.