Hindustan Zinc Logs its Best Quarter Ever on Silver Rally

Profit up 14% on year in Sept qtr as higher input prices, strong dollar drive revenues

Our Bureau

Mumbai: A sharp jump in silver prices boosted the September quarter earnings of Hindustan Zinc, which is the largest producer of the precious metal in the country. The Vedanta group company registered its highest ever revenue and the best earnings before interest, tax, depreciation and amortization for any September quarter.

Its consolidated net profit rose 14% on-year and 19% as compared to the June quarter to ₹2,649 crore. Consolidated revenue from operations rose 4% on-year to ₹8,549 crore and was 10% higher sequentially. The revenue was driven by higher commodity prices, a stronger dollar and higher by-product realisations, partly offset by lower production, the company said. Consolidated earnings before interest, tax, depreciation and amortization rose 7% on-year and 16% on-quarter to ₹4,467 crore, with an Ebitda margin of 52%.

4%

ON-YEAR RISE IN CONSOLIDATED REVENUE FROM OPS

Silver accounted for around 40% of the company's profit, the company said in a statement. The average prices of silver have risen 34% on-year in the September quarter. Hindustan Zinc's production of the precious metal, though, was lower by 22% at 144 tonnes during the quarter. This was due to lower production of lead because of lower pyro plant availability.

This lower production comes at a time when silver prices have been hitting record highs. Hindustan Zinc announced its earnings during market hours and its shares erased gains to end at ₹498 apiece on the BSE, down 1.7% from the previous close. "I am delighted to share that we have delivered the best-ever second quarter mined metal production with a five-year lowest zinc cost of production of $994 per tonne, reflecting the continuous operational excellence, technology intervention and dedication of our people," Arun Misra, chief executive of the company, was quoted in the statement.

It had a mined metal production of 258,000 tonnes in the September quarter, up 1% on-year, while production of zinc was 2% higher year-on-year. The company has cut its guidance for production of silver to 680 tonnes from 700-710 tonnes earlier. It has also cut the production guidance for refined metal to 1,075 tonnes from 1,100 tonnes earlier, but improved guidance for the cost of production of zinc to $1,000 per tonne from $1,025-$1,050 per tonne.