

April 21, 2014

Hindustan Zinc Limited

Results for the Fourth Quarter and Full Year Ended March 31, 2014

*"Highest ever mined metal and integrated metal production in FY 2014;
EBITDA up 7%; Highest ever dividend"*

Highlights for the year

Operational Performance

- Record mined metal production of 880 kt
- Record integrated metal production
 - Integrated saleable zinc metal production – up 13%
 - Integrated saleable lead and silver metal production – up 10% and 4% respectively

Financial Performance

- EBITDA up 7% to Rs 6,974 crore

Reserves and Resources

- Total R&R of 365.1 million MT indicating mine life of over 25 years
- Gross addition of 26.1 million MT against depletion of 9.3 million MT

Dividend

- Final dividend of 95%, taking the total dividend for the year to 175%, the highest ever

Mumbai: Hindustan Zinc Limited today announced its results for the fourth quarter and full year ended March 31, 2014.

Mr. Agnivesh Agarwal (Chairman, Hindustan Zinc) --“We achieved record production and mine development in a year, which marked the beginning of our transition from open cast to underground mining at Rampura Agucha. We continue to maintain our cost leadership and create value for our shareholders.”

Hindustan Zinc Limited

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CIN: L27204RJ1966FLC001208

Financial Summary

(In Rs. Crore, except as stated)

Particulars	Q4			Q3	Full Year		
	2014	2013	Change	2014	2014	2013	Change
Net Sales/Income from Operations							
Zinc	2,591	2,655	-2%	2,650	9,797	8,289	18%
Lead	536	443	21%	352	1,743	1,497	16%
Silver	375	611	-39%	332	1,503	2,093	-28%
Others	87	141	-38%	76	416	647	-36%
Total	3,589	3,850	-7%	3,410	13,459	12,526	7%
EBITDA	1,736	2,127	-18%	1,828	6,974	6,547	7%
Profit After Taxes	1,881	2,166	-13%	1,723	6,905	6,899	0%
Earnings per Share (Rs)	4.45	5.13	-13%	4.08	16.34	16.33	0%
Mined Metal Production ('000 MT)	200	260	-23%	220	880	870	1%
Refined Metal Production ('000 MT)							
Total Refined Zinc	182	182	0%	196	749	677	11%
- Zinc - Integrated	179	181	-1%	196	743	660	13%
Total Saleable Refined Lead ¹	36	33	10%	25	123	118	4%
- Saleable Lead - Integrated	29	30	-2%	25	111	100	10%
Total Refined Saleable Silver ^{2,3} (in MT)	91	108	-16%	73	350	374	-6%
- Saleable Silver - Integrated	68	91	-25%	72	301	288	4%
Wind Power (in million units)	76	79	-4%	59	448	511	-12%
Zinc CoP without Royalty (Rs / MT)	55,467	44,901	24%	52,014	51,054	45,461	12%
Zinc CoP without Royalty (\$ / MT)	899	829	8%	840	844	835	1%
Zinc LME (\$ / MT)	2,029	2,033	-1%	1,907	1,909	1,948	-2%
Lead LME (\$ / MT)	2,106	2,301	-8%	2,111	2,092	2,113	-1%
Silver LBMA (\$ / oz.)	20.5	30.1	-32%	20.8	21.4	30.5	-30%
USD-INR	61.8	54.2	14%	62.0	60.5	54.5	11%

(1) Excluding captive consumption of 1,991 MT in Q4 and 7,262 MT in FY 2014, as compared with 1,777 MT and 6,500 MT respectively in corresponding prior periods.

(2) Excluding captive consumption of 10,401 MT in Q4 and 38,316 MT in FY 2014, as compared with 9,226 MT and 33,832 MT in corresponding prior periods.

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

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Operational Performance

Mined metal production for the year was 880kt, marginally higher than previous year and a record. Production in the second half of FY 2014 was lower than what we had planned initially due to slower than expected ramp up of underground mining projects and changes in mining sequence, wherein preference was given to primary mine development.

Integrated production of refined metal during the year was the highest ever due to operational efficiencies and higher availability of our smelters. Full year integrated production of zinc, lead and silver were higher by 13%, 10% and 4% respectively.

The zinc metal cost of production before royalty during the year was Rs. 51,054 (\$844), 12% higher in Rupee and 1% higher in USD terms from previous year. The increase was driven by rupee depreciation of 11%, significantly lower acid credits and higher mine development & diesel cost.

The cost for Q4 FY 2014 was Rs. 55,467 (\$899), 24% higher in Rupee and 8% higher in USD terms from corresponding period of previous year. The increase was due to 14% rupee depreciation, lower mined metal production and higher mine development.

Financial Performance

Revenues were up 7% to Rs. 13,459 crore in FY 2014, but down 7% in Q4, as compared with the corresponding prior periods. The increase was driven by higher zinc sales volume and premium supported by rupee depreciation, partially offset by lower metal prices. The decline in Q4 was mainly due to no sale of MIC and lower silver sales, partly offset by rupee depreciation.

EBITDA increased by 7% to Rs 6,974 crore in FY 2014, but was 18% lower in Q4 from a year ago. The increase was driven by higher integrated metal volumes and rupee depreciation, partially offset by lower metal prices. The decline in Q4 was mainly due to lower volume and metal prices.

Net profit was flat from last fiscal at Rs. 6,905 crore in FY 2014. The positive impact of higher EBITDA was partly offset by higher depreciation, lower other income and higher tax during the year. In Q4, net profit declined by 13% to Rs. 1,881 crore as compared to previous year, in line with EBITDA and partly offset by higher other income.

Dividend

HZL's Board of Directors has recommended a final dividend of 95% i.e. Rs. 1.90 per share on equity share of Rs 2.00 each. The total dividend for FY 2014 is 175% i.e. Rs. 3.50, the highest ever, against FY 2013 dividend of 155%. The FY 2014 payout ratio is 25% as compared to 22% in FY 2013, inclusive of dividend distribution tax.

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Expansion Projects

The Kayad and Rampura Agucha underground mine projects commenced commercial production during the year and after initial difficulties, are now ramping up well. Sindesar Khurd expansion project is ahead of schedule. During the year, total mine development increased by over 75%, marking the beginning of transition from open-cast to underground mining.

Capital expenditure is expected to be ~ US\$ 250 million in FY 2015.

Reserves and Resources

In FY 2014, there was a gross addition of 26.1 million MT to reserves and resources, prior to a depletion of 9.3 million MT. Total reserves and resources at March 31, 2014 were 365.1 million MT containing 35.2 million MT of zinc-lead metal and 28,804 MT of silver. Overall mine life continues to be 25+ years.

Outlook

Rampura Agucha will continue to provide majority of mined metal in FY 2015. The Rampura Agucha underground mine is now starting to ramp up in line with expectation. In FY 2015, mined metal and integrated refined metals production including silver is expected to be marginally higher from FY 2014. The cost of production is expected to remain stable.

Liquidity and investment

As on March 31, 2014, the Company had cash and cash equivalents of Rs. 25,535 crore, out of which Rs. 20,527 crore was invested in debt mutual funds, Rs. 1977 crore in bonds and Rs 3020 crore were in fixed deposits with banks. The Company follows a conservative investment policy and invests in high quality debt instruments.

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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 reserves & resources of 348.3 million MT and average zinc-lead reserve grade of 12.0%. The Company has a track record of consistently growing its reserves & 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 15,000 including contract workforce.

Hindustan Zinc is a subsidiary of the BSE and NSE listed Sesa Sterlite Limited (ADRs listed on the NYSE), a part of London listed diversified metals and mining major, Vedanta Resources plc.

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 behavior 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.

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