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Hindustan Zinc Limited Results for the Third Quarter and Nine Months Ended 31 December 2011

“Continuous growth sustains global leadership; Silver refining capacity @ 500tpa”

Q3 Highlights

Operational Performance -

- Record Refined Lead production at 28,800 tonnes
- Record Refined Silver production at 57,600 kg
- Refined Zinc production up 7% at 190,950 tonnes
- Commissioned the 350tpa Silver refinery

Financial Performance -

- Revenue up 6% at Rs. 2,747 Crore
- Strong balance sheet with cash and cash equivalents of Rs. 16,255 Crore

Exploration -

- Exploration activities resulted in 23 PL* and 3 ML applications^{2*}
- Commenced mine development at greenfield Kayar mine
- SMARTem geophysical system successfully commissioned - further strengthening exploration technology base

Mr. Agnivesh Agarwal (Chairman, Hindustan Zinc) - “We remain committed to enhancing stakeholders’ wealth driven by our global leadership position, large reserves & resources base, strong liquidity position & cash flow generation, and low cost operations. We continue to improve and expand our existing assets while consistently evaluating opportunities for further organic/inorganic growth.”

*Prospecting License

^{2*} Mining Lease

Mumbai: Hindustan Zinc Limited (“HZL” or the “Company”) today announced its unaudited results for the third quarter (“Q3”) and nine months (“nine months period”) ended 31 December 2011.

Unaudited Financial Summary

(In Rs Crore, except as stated)

	Quarter Ended			Nine Months Ended		
	31 December 2,011	2,010	Change %	31 December 2,011	2,010	Change %
Net Sales/Income from operations						
Zinc	2,004	2,124	-6%	6,144	5,521	11%
Lead	308	225	37%	726	541	34%
Silver	257	153	68%	823	373	121%
Others	178	99	80%	469	280	68%
Total	2,747	2,601	6%	8,162	6,715	22%
Cash Profit (Net Profit + Depreciation)	1,433	1,409	2%	4,552	3,477	31%
Profit After Taxes	1,274	1,290	-1%	4,113	3,129	31%
Earnings Per Share (Rs.)	3.01	3.05	-1%	9.73	7.41	31%
Production - Mined Metal (Tonnes)						
Zinc & Lead	2,09,007	2,22,249	-6%	6,07,086	6,09,015	0%
Production - Refined Metal (Tonnes)						
Zinc	1,90,946	1,78,254	7%	5,68,742	5,19,012	10%
Lead (1)	28,804	14,267	102%	62,000	45,744	36%
Silver (in kg) (2)	57,595	42,013	37%	1,53,651	1,29,275	19%

(1) Includes captive consumption of 1,730 tonnes in Q3 FY2012 vs. 1,746 tonnes in Q3 FY2011, and 4,469 tonnes in ‘nine months period’ FY2012 vs. 4,558 tonnes in ‘nine months period’ FY2011.

(2) Includes captive consumption of 9,182 Kgs. in Q3 FY2012 vs. 9,236 Kgs. in Q3 FY2011, and 23,571 Kgs. in ‘nine months period’ FY2012 vs. 23,981 Kgs. in ‘nine months period’ FY2011.

Operational Performance

Mined metal production in Q3 was marginally lower at 209,007 tonnes, compared with the corresponding prior quarter.

Refined Zinc production in Q3 was up 7% at 190,946 tonnes, as compared with the corresponding prior quarter, primarily on account of improved throughput and operational efficiencies.

Refined Lead production in Q3 was highest ever at 28,804 tonnes, up 102% as compared with the corresponding prior quarter. This was primarily due to volume contribution from the newly commissioned 100kt Dariba Lead smelter, currently under ramp-up.

Refined Silver production in Q3 was highest ever at 57,595 kg, up 37% as compared with the corresponding prior quarter. This was mainly attributable to higher input from the mines and volume contribution from the new 350tpa Silver refinery commissioned during the quarter.

Financial Performance

Revenues for Q3 were up 6% at Rs. 2,747 Crore, compared with the corresponding prior quarter. The positive impact of increased volumes and INR depreciation was partially offset by the decline in LME prices. Net profit for the quarter was marginally lower at Rs. 1,274 Crore.

The Zinc metal cost, without royalty, during the quarter was Rs. 40,300 per MT (\$785), 13% higher in INR, compared with the corresponding prior quarter. The positive impact of operational efficiencies was more than offset by increase in commodity prices & other inflationary factors.

During Q3, average Zinc and Lead LME prices were \$1,897 per tonne and \$1,983 per tonne respectively, compared with \$2,315 per tonne and \$2,390 per tonne, in the corresponding prior quarter.

The average Silver Cash Settlement Price per London Bullion Market Association increased to \$31.87/oz in Q3 FY2012 from \$26.43/oz in the corresponding prior quarter.

Expansion Projects

Ramp-up of the Sindesar Khurd mine is on track to achieve its targeted 2.0mtpa capacity. The 100ktpa Dariba Lead smelter, commissioned during Q2, is ramping up well. The new 350tpa Silver refinery has been successfully commissioned during the quarter. The mine development work at proposed 1.0mt Kayar mine has commenced.

We have commissioned 135MW of the 150MW expansion in wind power generation capacity announced in January 2011. The balance capacity is expected to be commissioned in early Q4 FY2012. Post the expansion, the Company's wind power generation capacity will increase to 273MW.

Liquidity and investment

Company follows conservative Investment Policy and invests in high quality Debt instruments in Mutual Fund and Fixed Deposit with Bank. As on 31 December 2011, the Company had cash and cash equivalents of Rs. 16,255 Crore, out of which Rs. 11,850 Crore was invested in debt mutual funds and Rs. 4,405 Crore were in fixed deposits with Banks.

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About Hindustan Zinc

HZL is the world's largest integrated producer of Zinc-Lead. It has a metal production capacity of 1,064,000 tonnes per annum with its smelter operations situated in Chanderiya, Debari, Dariba and Visakhapatnam. HZL has Lead-Zinc mines in Rampura Agucha, Sindesar Khurd, Rajpura Dariba and Zavar. HZL has over 6,500 employees. The Company is a subsidiary of the NYSE listed, Sterlite Industries (India) Limited (NYSE: SLT) and London listed FTSE 100 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.