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Hindustan Zinc Limited Results for the First Quarter Ended 30 June 2011

Highlights for the quarter

Operational

- Refined Zinc production up 17% at 193,000 tonnes
- Refined Lead production up 6% at 16,000 tonnes
- Refined Silver production up 8% at 47,000 kg

Financial

- Revenue up 45% at Rs. 2,821 Crore
- Net profit up 68% at Rs. 1,495 Crore

Growth Projects

- Commissioning started at 100,000 tpa Lead smelter

Mumbai: Hindustan Zinc Limited ("HZL" or the "Company") today announced its results for the first quarter ("Q1") ended 30 June 2011

Unaudited Financial Summary

(in Rs. Crore, except as stated)

	Quarter Ended		Change %
	2011	30 June 2010	
Net Sales/Income from operations			
Refined Zinc	2,104	1,610	31%
Refined Lead & concentrate	255	145	76%
Refined Silver & payable Silver content in Lead concentrate	309	101	206%
Others	153	95	60%
Profit before depreciation & tax (PBDT)	1,937	1,174	65%
Profit After Taxes	1,495	891	68%
Earnings Per Share (Rs.)	3.54	2.11	68%
Production - Mined Metal (tonnes)			
Zinc & Lead	188,403	181,930	4%
Production - Refined Metal (tonnes)			
Zinc	192,980	164,519	17%
Lead ⁽¹⁾	16,191	15,310	6%
Silver (kg) ⁽²⁾	46,782	43,309	8%

(1) Including captive consumption of 1,391 tonnes in Q1 FY2012 vs. 1,166 tonnes in Q1 FY2011.

(2) Including captive consumption of 7,196 kg in Q1 FY2012 vs. 6,133 kg in Q1 FY2011

Operational Performance

Mined metal production was higher by 4% at 188,000 tonnes in Q1, compared with the corresponding prior quarter. Higher contributions from Sindesar Khurd mine was offset by the volume loss due to an unplanned shutdown at Rampura Agucha mine. We expect to recover the shortfall in production volume at Rampura Agucha during rest of the year.

Refined Zinc production was 17% higher at 193,000 tonnes in Q1 FY2012. This was primarily on account of enhanced contribution from the 210,000 tpa Dariba Hydro smelter commissioned in March 2010, now operating at full capacity. Refined Lead production during the quarter was 16,000 tonnes, 6% higher compared with the corresponding prior period.

Refined Silver production during Q1 was 47,000 kg, an increase of 8% compared with the corresponding prior quarter. The increase in production was primarily due to increase in mined ore from the ramp up of silver rich Sindesar Khurd mine.

Sales during Q1 FY2012 were augmented by sale of surplus Lead concentrate of 10,086 dry metric tonnes, including 17,031 kg of payable Silver.

Financial Performance

Revenues and net profits for Q1 FY2012 were Rs. 2,821 Crore and Rs. 1,495 Crore respectively, an increase of 45% and 68%, compared with the corresponding prior quarter. The increase was primarily on account of increased volumes and improved Zinc-Lead LME and Silver prices.

Realization from refined Silver during the quarter was Rs. 228 Crore, compared to Rs. 101 Crore in the corresponding prior quarter. Realization from sale of surplus Lead concentrate during the quarter was Rs. 139 Crore. This includes realization of Rs. 81 Crore from payable Silver content in Lead concentrate.

The Zinc metal cost, without royalty, during the quarter was Rs. 39,100 per MT (\$874). The positive impact of operational efficiencies was more than offset by the impact of increase in commodity prices and volume loss at Rampura Agucha on account of unplanned shut down.

During Q1, average Zinc and Lead LME prices were \$2,250 per tonne and \$2,550 per tonne respectively, compared with \$2,018 per tonne and \$1,944 per tonne, in the corresponding prior quarter.

The average Silver Cash Settlement Price per London Bullion Market Association increased to \$38.0/oz in Q1 FY2012 from \$18.3/oz in the corresponding prior quarter.

Expansion Projects

The commissioning of the 100,000 tpa Lead smelter at Dariba has started. We expect to produce saleable Lead by mid Q2 FY2012. The Lead smelter will feed HZL's new 350 tonne Silver refinery and we expect the saleable Silver production from this refinery by end Q2 FY2012.

The expansion in wind power generation capacity to 273MW is progressing well and is on schedule for completion by Q2 FY2012, as announced earlier.

Liquidity and investment

As at 30 June 2011, the Company had cash and cash equivalents of Rs. 15,720 Crore. This includes Rs. 9,990 Crore in debt mutual funds and Rs. 5,730 Crore in fixed deposits with banks. The Company follows a conservative investment policy and invests in high quality debt instruments. All mutual fund investments are based on advice from CRISIL.

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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 Zawar. 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 that those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.