

Other expansion projects at Sindesar Khurd and Kayar are running on schedule as well. Commencement of captive thermal power plant (160 MW) at Rajpura Dariba in Q2FY11 would take total capacity to 518.2 MW thus making it 90% self-reliant in power.

Outlook and recommendation

Though the prices of zinc and lead would remain firm during FY11, the potential to move higher is limited. As a result, future earnings growth would come through increase in volume than value. With the commencement of new zinc smelter and the expansion of mining capacities, the company would experience 20-25% increase in its sales volume during FY11. Additional captive power to its disposal would lead to margin expansion in H2FY11. The company always has an option of expanding capacities, be it organically or inorganically, as the company has cash of Rs 11900 crore on its book. **At the CMP of Rs 1223 the stock is trading at 12.8 times its TTM earnings of Rs 95.7 and is fairly valued at current levels.**

Result Update



Kyon ki bhaiya, sabse bada rupaiya.

(Rs. In Cr.)

Hindustan Zinc Ltd.	Q4FY10	Q4FY09	% Chg.	Q4FY10	Q3FY09	% Chg.	FY201003	FY200903	% Chg.
Net Sales	2498.5	1262.7	97.9	2498.5	2216.7	12.7	8017.0	5680.3	41.1
Other operational Income	46.4	26.3	76.8	46.4	32.4	43.2	122.0	141.8	-14.0
Total Oper. Income(TOI)	2544.9	1288.9	97.4	2544.9	2249.1	13.2	8138.9	5822.1	39.8
Raw Materials Cons.-		0.0				-	0.0	0.0	0.0
% to TOI	%	0.0%	-	%	%	-	0.0%	0.0%	-
Stock adj. (-)Inc / (+)Dec-	53.0	23.6	124.4	53.0	-18.4	LP	75.3	-24.4	LP
% to TOI	2.1%	1.8%	-	2.1%	-0.8%	-	0.9%	-0.4%	-
Net Raw Mat adj. for stock	53.0	23.6	124.4	53.0	-18.4	LP	75.3	-24.4	LP
% to TOI	2.1%	1.8%	-	2.1%	-0.8%	-	0.9%	-0.4%	-
Other expenses	808.5	596.9	35.5	808.5	743.5	8.8	2814.2	2605.6	8.0
% to TOI	31.8%	46.3%	-	31.8%	33.1%	-	34.6%	44.8%	-
Contribution Net_Sales	1683.4	668.5	151.8	1683.4	1524.0	10.5	5249.4	3240.8	62.0
Personnel	135.2	87.2	55.1	135.2	137.9	-2.0	457.4	364.9	25.4
% to TOI	5.3%	6.8%	-	5.3%	6.1%	-	5.6%	6.3%	-
Total expenditure	996.7	707.6	40.9	996.7	863.0	15.5	3346.9	2946.1	13.6
Operating Profit	1548.2	581.3	166.3	1548.2	1386.1	11.7	4792.0	2875.9	66.6
% to TOI	60.8%	45.1%	-	60.8%	61.6%	-	58.9%	49.4%	-
Non-Operating Income	134.5	194.2	-30.8	134.5	131.9	2.0	600.3	789.4	-24.0
Interest	27.7	4.9	469.6	27.7	7.7	261.4	43.9	21.9	100.8
Exceptional Items			-			-	0.0		0.0
Gross Profit	1655.0	770.7	114.7	1655.0	1510.3	9.6	5348.4	3643.5	46.8
Depreciation	100.6	75.0	34.1	100.6	81.7	23.2	334.3	285.3	17.2
PBT before Extra-ord	1554.3	695.6	123.4	1554.3	1428.6	8.8	5014.1	3358.2	49.3
% to TOI	61.1%	54.0%	-	61.1%	63.5%	-	61.6%	57.7%	-
Extraordinary Items			-			-	0.0		0.0
PBT	1554.3	695.6	123.4	1554.3	1428.6	8.8	5014.1	3358.2	49.3
Tax Rate	20.3%	20.7%	-	20.3%	19.6%	-	19.4%	18.8%	-
Prov. for Tax	315.3	144.2	118.7	315.3	279.9	12.6	972.7	630.6	54.2
% to TOI	12.4%	11.2%	-	12.4%	12.5%	-	12.0%	10.8%	-
Profit after Tax	1239.0	551.5	124.7	1239.0	1148.7	7.9	4041.4	2727.6	48.2
% to TOI	48.7%	42.8%	-	48.7%	51.1%	-	49.7%	46.9%	-
Face Value	10.0	10.0	0.0	10.0	10.0		10.0	10.0	0.0
Equity Share capital	422.5	422.5	0.0	422.5	422.5	0.0	422.5	422.5	0.0
EPS (Rs.)	29.3	13.1	124.7	29.3	27.2	7.8	95.7	64.6	48.2
CEPS (Rs.)	31.7	14.8	113.8	31.7	29.1	8.9	103.6	71.3	45.2

Source: ACE Equity

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