



HINDUSTAN ZINC  
Zinc & Silver of India

## “Hindustan Zinc Limited Q1 FY '26 Earnings Conference Call”

**July 18, 2025**



HINDUSTAN ZINC  
Zinc & Silver of India



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MS. RAKSHA JAIN – DIRECTOR INVESTOR RELATIONS,  
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**Moderator:** Ladies and gentlemen, good day and welcome to the 1st Quarter FY '26 Earnings Conference Call of Hindustan Zinc.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Raksha Jain – Director of Investor Relations of Hindustan Zinc. Thank you, and over to you, Ms. Jain.

**Raksha Jain:** Thank you, Sagar. And good evening, ladies and gentlemen. Thank you for joining us today to discuss the 1st Quarter Results of FY '26.

In this call, we will refer to our Investor Presentation available on our Company's website. Please note that today's entire discussion will be covered by the Safe Harbor clause mentioned on Slide #2 of the Presentation.

Today we have our CEO – Mr. Arun Misra and CFO – Mr. Sandeep Modi. The management will be discussing the “Operational and Financial Updates” for the quarter, followed by a Q&A session.

Now I would like to invite Mr. Arun Misra to present the Results. Over to you, sir.

**Arun Misra:** Thank you, Raksha. A very good evening to all of you. Thank you for joining us today for the 1st Quarter FY '26 results briefing.

The current financial year has commenced on a steady note with the Company achieving its highest ever 1st Quarter mine metal production with the lowest ever 1st Quarter cost of production since underground transition. This reinforces our position as the world's largest integrated zinc producer and one of the lowest cost producers globally.

The quarter was also marked by zero fatalities, underscoring a positive beginning on the safety front. We have established a globally practiced critical fatality risk management based safety management system, CRM, and have ensured tracking and reviewing at senior most levels of management.

Continuing our effort in water conservation as a part of our ESG initiatives, we have become 3.32x water positive. On the sustainability front, we have launched our ambitious “Sustainability Goals 2030” spanning across various thematic areas such as climate action, water stewardship, biodiversity conservation, safety and well-being at workplace, responsible sourcing, circular economy, workforce diversity and social performance. These targets reflect our determination to set new sustainability benchmarks for the metal and mining industry.

The Zinc Mark certification process for Chanderiya and Rampura Agucha is currently underway. Once obtained, this certification will affirm our commitment to responsible production.

During the 1st Quarter, we also completed the ICMM assessment, which will help in strengthening our present position as a sustainable global leader among metal and mining companies through the adoption of globally benchmark practices across the organization.

Currently, Hindustan Zinc is engaged with more than 40 technology startups on over 60 different projects and is further engaging with nearly 50 startups through Vedanta Spark program to explore potential use cases. Vedanta Spark is Vedanta's unique global corporate accelerator where Hindustan Zinc participates and innovation-led transformation projects that addresses critical business challenges.

Under Vedanta Spark program, Hindustan Zinc has unlocked high potential opportunities by leveraging technologies such as artificial intelligence, machine learning, computer vision, drone technology, the Internet of Things, and augmented reality and virtual reality issues. These projects cover diverse areas, including process optimization, enhanced metal recovery, asset reliability, productivity, and sustainability.

Turning to the “Market Update”:

Global economies faced multiple uncertainties during the quarter, including rising U.S. tariffs, the Iran-Israel conflict and other macroeconomic challenges. While major economies like China and Japan continue to experience subdued production demand, India stood as a bright spot. The country's manufacturing PMI climbed to a 14-month high of 58.4 in June 2025, reflecting strong domestic momentum. Positioned as the attractive alternative investment destination and supported by strong government focus on infrastructure development, India is poised to be significant driver of global economic growth.

During the quarter, Zinc and Lead prices softened amid prevailing global headwinds. However, both metals saw a swift recovery, closing the quarter at \$2,764 and \$2,025 per ton respectively.

Silver, on the other hand, recorded a strong performance with prices surging 17% year-on-year, even currently running over \$37 per troy ounce, creating new all-time high levels. This rally was driven by heightened industrial demand and silver's appeal as a safe haven asset.

Looking ahead, zinc and lead prices are expected to remain resilient near current levels while silver prices are likely to stay buoyant in the coming quarters.

Moving to “Quarter Performance”:

As I have already mentioned, the quarter witnessed highest-ever 1st Quarter mined metal production of 265,000 tons with the lowest ever 1st Quarter cost of production since underground transition. This drives our profit after tax for the quarter to Rs. 2,234 crores despite

the softened output commodity prices. Our zinc alloy plant also clocked a record quarterly production of 5,000 tons, taking the overall value-added product portfolio to around 24%.

During the quarter, our refined metal production stood at 250,000 tons in line with the plant availability and was impacted by ongoing maintenance activities. We recorded \$1,010 per ton of zinc cost of production during the quarter, lowest Quarter 1 figure since underground transition. The reduced cost of production is driven by better mine grades, high renewable energy usage, increased domestic coal consumption, better by-product realization and softened input commodity prices.

Our salable silver production during the quarters stood at 149 metric ton and our precious metal portfolio continues to contribute significantly to the overall profitability of roughly around 41% during the quarter.

As the Company progresses with multiple growth projects, commissioning activities for the new 160,000 tons per annum roaster at Debari have commenced and is expected to be commissioned by mid of Quarter 2. And we will complete all our debottlenecking activities in smelter well before the scheduled timeline in Quarter 2, starting from August at Dariba, followed by Chanderiya. With these developments, we are confident in achieving the full-year guidance as guided earlier.

As you already know, in June, our Board approved the initial phase of growth plan to double the capacity, where initially we will add 250,000 tons per annum integrated metal capacity with associated mining capabilities with a capital expenditure of around Rs. 12,000 crores. The expansion will increase our refined metal capacity to 1.38 million tons per annum and our mining capability to 1.5 million tons per annum. We remain committed to meeting India's rising zinc demand and may announce additional projects over the course of the year.

Advancing our vision to become a multi-metal enterprise and becoming a leader in India's strategic mineral ecosystem, I am happy to share that we have secured LOI for all the three new critical mineral blocks, Potash in Rajasthan with 1,841 hectare block size, Rare Earth Element in Uttar Pradesh with 201 hectare block size, and Tungsten in Andhra Pradesh with 308 hectare block size. This is India's time to drive resource nationalism and we are proud to play a part in it in alignment with our country's goal and critical mineral security.

Looking ahead, we remain steadfast in our commitment to expedite expanding our capacity to meet rising domestic and global demand while upholding the highest standards of ESG excellence. Our strategic focus on portfolio diversification, including our strategic entry into critical minerals, continued exploration to sustain long mine lines and investment in innovative technologies will further reinforce our position as a cost leader in the industry. With these priorities at the forefront, we are confident of delivering sustainable growth and creating long-term value for all our stakeholders.

With this, I now hand over to Sandeep for an update on the financial performance.

**Sandeep Modi:**

Thank you, Mr. Misra, and very good evening, everyone.

Amid the evolving global economic landscape, we have seen a notable decline in LME prices, with Zinc down by 7% and Lead by 10% Y-o-Y. On the positive side, silver prices maintain their upward momentum, registering a 17% increase over last year. Despite this challenging price environment, our steadfast focus on the operational efficiencies and cost discipline has helped us to deliver resilient and sustainable financial performance and consistent EBITDA margin of around 50%.

Before we dive into details, I am pleased to share that we have recently published our tax transparency report of 8th edition reinforcing our commitment towards voluntary disclosure for transparency. The Company has contributed around Rs. 19,000 crores to the exchequer in Financial Year '25, taking the cumulative contribution over the last five years to Rs. 87,000 crores.

Adding another feather to our strong governance framework, our ESG risk management practices were recognized at the India Risk Management Awards organized by CNBC TV18 in the large cap category.

Coming to the “numbers”:

In the 1st Quarter, we delivered revenue from operation at Rs. 7,771 crores. It was down 4% year-on-year on account of the lower production volume, lower zinc and lead prices, which was partly offset by higher silver prices, stronger dollar and better by-product realization.

During the quarter, we recorded zinc cost of production of US\$1,010 per ton. It is the lowest ever 1st Quarter cost performance since underground transitioning. It is pertinent to note that Q1 average cost normally remains around 4% higher than the full year average. So, with the present cost performance, we are highly confident to achieve lower end of the guidance for the full year. It was better, 9% Y-o-Y, driven by improved metal grade, higher domestic coal utilization, renewable energy increase and softened commodity prices, especially the imported coal.

This was also supported by the increased share of renewable energy, as I mentioned, which currently stands at around 19% of the overall power requirement as compared to 13% during the last fiscal year. It has increased on account of largely with the Serentica capacity getting commissioned and supplying the power and benefiting to the cost.

Resultantly, the EBITDA for the quarter stood at Rs. 3,860 crores. It was marginally down by 2% Y-o-Y despite zinc and lead commodity prices lower in volume. This was partly offset by higher silver prices, lower COP and stronger dollar. We continue to maintain industry leading margin of around 50%. Our PAT for the quarter stood at Rs. 2,234 crores, bit down 5% Y-o-Y.

During the quarter, we also hedged forward 119.5 metric ton of silver which is around 17% of our expected production for the year, in line with our commitment to sustain and deliver lucrative shareholder value.

Further, the Company also paid Rs. 10 per share as the interim dividend, totaling the overall dividend payout during the quarter to Rs. 4,225 Cr. Looking into the future, the Zinc COP is consistently advancing towards our desired target of 1,000 per ton, which we have set for ourselves.

With the newly announced 250 KTPA integrated metal capacity expansion, revenue and EBITDA are projected to increase approximately Rs. 40,000 crores and Rs. 21,000 crores in the next three to four years, respectively. Re-iterating from our last investor call with a pre-growth CAPEX-free cash flow generation of around Rs. 45,000 to Rs. 50,000 crores, and an estimated CAPEX of around Rs. 32,000 to Rs. 35,000 crores over the next five years, we are comfortably positioned to create long-term shareholder value.

In conclusion, what lies ahead is a new beginning for Hindustan Zinc, built on stronger momentum and transformative vision aligned with the priorities of a greener world and a stronger nation. We remain deeply invested in the metals of the future supported by premium assets and our position as one of the lowest cost producers globally.

Our precious metals continue to contribute significantly to our profitability while our leadership in the domestic zinc market reinforces our competitive strength. With a sharp focus on the high IRR projects and disciplined capital allocation, we are committed to delivering sustainable growth and creating long-term value for all our shareholders.

With this, I now hand over to the operator for Q&A. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Manav Gogia from YES Securities Limited. Please go ahead.

**Manav Gogia:** Hi. Good evening and thank you so much for the opportunity. You know, it was very good to see that the Zinc COP was on the lower end of the cost guidance, and we have more or less stated the factors behind the same. I just wanted to have one question on what would be the current renewable power mix in the total energy mix and what would be our coal mix for the same?

**Sandeep Modi:** So, current energy in the overall basket, renewable energy is 19% in our overall total power consumption compared to last year around 13%. So, overall, the remaining 80% is the coal.

**Manav Gogia:** Yes, and can you give the breakup of the coal mix as well, you know, locally sourced and imported ones?

**Sandeep Modi:** So, domestic was 55% during the quarter and 45% was the imported coal. This was the highest level domestic coal materialization and utilization.

- Manav Gogia:** Sir, my second question is on the silver front and Q1 saw lower silver volumes. So, just wanted to know what steps would be taken ahead for the Company to achieve that 700 to 710 tons guidance that was given earlier.
- Arun Misra:** So, you look at the silver volume. Partly a part of it can be attributed to lower metal production by itself. Since you have produced lower metal, so associated silver is also lower. Other part is also in the beginning of the year, the current location in SK Mine where we are encountering lower grade of silver in the overall grade, I think the overall grade at Hindustan Zinc level is around 88 ppm, which is lower by about 5 to 10 points compared to what we had same time last year. So, this is what is the primary reason.
- Going forward, we are now, as we said, debottlenecking projects will be over, as I have stated in my speech, and also our commissioning of new roaster is expected in the middle of this Q2. So, Q3, Q4 will see much better numbers of silver and metal, which will compensate for the loss and help us to reach the guidance numbers.
- Manav Gogia:** And where are we in terms of the fumer ramping up for the silver volumes? Any updates on that?
- Sandeep Modi:** So, fumer is running at 60% of its capacity. So, as you are aware, we still had issues of Chinese Visa did not get. So, our operating team has done a wonderful job by Indianizing it. And at this point of time, while we have been talking 33 tons equivalent to lead-silver cake coming from the fumer root, at this point of time, the run rate is 20 metric tons.
- Arun Misra:** Again, if you have lower input itself, so your availability of silver in the residues for fumer will also be less and it is also reflecting that way.
- Manav Gogia:** So, basically, we are maintaining the guidance for FY '26 also. We are comfortable on that front, right?
- Arun Misra:** Yes.
- Manav Gogia:** So, my last question is basically on the Debari roaster and the DAP, NPK, the fertilizer plant. We are seeing that now these plants are basically delayed by a quarter each. Can you just highlight the factors behind this?
- Arun Misra:** Debari is already almost 99.9% of the construction work is over and Quarter 2 is the time when we will see the commissioning. We have started coal trial and all that on the ground. On the other side, the fertilizer project is on, and we expect in the guided timeline, we will be doing the fertilizer project. We will try to bring in part of the project earlier. Even in that 0.5-million-ton project, we will try to get the phosphoric acid plant earlier so that we can start generating some revenue out of it.
- Manav Gogia:** I will join back the queue for more.

- Moderator:** Our next question comes from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.
- Pallav Agarwal:** Good evening, sir. First question was, I think this quarter, mine metal production was fairly good, but refined metal was impacted. So, was there any shutdown and now has other plants operating at normal levels now?
- Arun Misra:** No, there were few shutdowns, and we had to time it because we had expected additional capacity to kick in from the Roaster 6 but at the same time we had prepared for some shutdowns. We thought the furnaces would run till Quarter 2 while in the Quarter 1 itself we started losing production from them and hence we had to take the shutdown earlier and that has impacted, but nevertheless by Quarter 1 and Quarter 2, all shutdowns we are putting behind us so that we will have a fantastic run from August till about the end of the year.
- Pallav Agarwal:** So that should help us meet the production guidance.
- Arun Misra:** Absolutely. Absolutely.
- Pallav Agarwal:** Sir, secondly, I think, it's commendable that you have recorded \$1,010 of COP. So now with the increasing refined metal production, so we should probably see this, I mean, this should go down with the higher benefits of operating leverage coming in.
- Arun Misra:** Yes, all directions are looking like that. So, we are also equally enthusiastic as you are. And we hope that renewable power mix will go up, volumes will go up, fixed costs will spread. So, we should be going towards, as Sandeep told in his speech itself, our North Star was \$1,000 COP and looks like we are headed that way.
- Pallav Agarwal:** Sir, you don't see any inflation in coal during the monsoon quarter or re-auction premiums going up?
- Arun Misra:** No, that's how we see it. Looking at everything as it is happening currently, we are directed that way. Now, if we see suddenly rise in commodity costs and all that, that may put us back. But looking at current things, the way things stand as of today, we are in that direction.
- Moderator:** The next question comes from the line of Anirudh Nagpal from JM Financial. Please go ahead.
- Anirudh Nagpal:** My question is related to the recent rally in silver prices, which is already at a lifetime high. So, given we had lower volumes of silver in 1Q, is the Company planning to shift to lead mode to increase the silver volumes in the coming quarters and to maximize the benefits from this rally?
- Arun Misra:** Very important question what you have asked, but the way we have operated is since we had lesser production of metal, we maximized from the choice of concentrates, the concentrate with best silver, we finished it first in Quarter 1, so that in the silver numbers we can get the maximum usage at the current prices. And yes, that direction is always in our mind, but since right now we



are flushed with concentrate, and we have enough of concentrate with us, so we don't want to increase that stock further.

But we will surely, because now the fumer is running well, so we should be able to make up for that by not running in lead, running in lead plus zinc load and yet producing good amount of silver, we are working on that. But I can assure you that no concentrate is left where there was a good quantity of silver. Only the concentrate with lower quantity of silver are left with us in the stock.

**Moderator:** Our next question comes from the line of Amit Dixit from Goldman Sachs. Please go ahead.

**Amit Dixit:** Good evening, everyone. Thanks for the opportunity and congratulations for a good performance in a testing LME regime. Two questions. The first one is on if I look at the ESG scorecard, first of all, congrats for putting it up. If I look at the greenhouse gas emissions in 1st Quarter, they seem to have gone up. I mean, just actually highest level since FY '22, maybe while we have increased the RE power proportion. So, just wanting to understand the reason for that, whether it is a typical 1st Quarter phenomenon or it is the higher usage of domestic coal. How is it and how do we see the trajectory of this emissions going in the near term?

**Arun Misra:** So, as the Quarter 2, Quarter 3, Quarter 4 pans out, we will have one increase in percentage of renewable power by September. Almost all of the wind power will come into the place. So, we will have more renewable power in the nighttime than what we are having now. That is number one point. Number two, yes, we have had lesser production in Quarter 1, which is also impacted on the intensity. So, that will also get corrected if we produce more going forward. So, both together, we will come back. We will reduce the overall emission numbers in Quarter 2, then correspondingly Quarter 3 and Quarter 4. Absolutely.

**Amit Dixit:** So, this 4.86 number that we have in Q1, I mean, where do we see it going, let us say by the end of FY '27 or so?

**Arun Misra:** We should go down below 4.6, 4.5 level.

**Amit Dixit:** The second question is on the recent LOIs that we have obtained. So, for mines actually, the potash one, are we planning to curtail it with the fertilizer plant that is stated for commissioning in FY '27?

**Arun Misra:** Yes, the whole basket of diversification from lead, zinc, silver idea is, of course, to add more value to the fertilizer business. So, if we add that for potash block and make it diversify into fertilizer, that will help there. Also, we are very upbeat about the block we have got in UP, which will look at rare earth magnet material because it is likely to have monazite and we should be able to, you know, if exploration proves that we have got enough of reserve and we can crack the technology problem of extracting neodymium from monazite, then yes, Hindustan Zinc has again a huge, bright spot in the future.

- Amit Dixit:** So, sir, coming to the two blocks, tungsten and rare earth, have we done any preliminary study over there? I mean, are there any timelines that you would like to give? And what kind of ROE or ROI you can mention, we will be looking from these blocks?
- Arun Misra:** First, we have to do the exploration itself. There is not much of a data of a proven reserve there. So, because it is a very preliminary exploration data that was there for during the auction, so we will have to do full exploration, establish the reserve, then look at the business case and all that. So, we are not yet ready with the business case. So, we will have to first place order for exploration that we are currently going through.
- Moderator:** Our next question comes from the line of Sumangal Nevatia from Kotak Securities. Please go ahead.
- Sumangal Nevatia:** Sir, first question is on the capital structure and balance sheet. Sir, our net debt is now almost Rs. 4,000 crores. So, what sort of debt or leverage level should we look at as we start spending more CAPEX and also maybe looking for maintaining dividends?
- Sandeep Modi:** So, Sandeep here. Thanks. I think as I said in my opening statement, the free cash flow generation at the current level of the LME and the volume pre-CAPEX is almost Rs. 10,000 crores overall. So, even if you factor in the overall, if you see the horizon of 3 to 4 years, Rs. 45,000 crores to Rs. 50,000 crores, you take it up and around Rs. 30 crores to Rs. 32,000 crores, this overall CAPEX. So, still you have availability of Rs. 18,000 crores, which can be distributed subject to the Board approval from the shareholder's reward point of view.
- Sumangal Nevatia:** Should we expect the surplus after the CAPEX required to be shared with the shareholders, or we are okay with leveraging further and maintaining the payouts?
- Sandeep Modi:** I think from your modeling point of view, you should factor what you said at this point of time.
- Sumangal Nevatia:** Okay, only the surplus. Sir, my second question is with respect to our expansion plan for the mining and the smelting capacity. Now all the mines where we are putting capital and expanding are set to expire in 2030. So, in our base case, while we were evaluating these projects, what sort of royalty increase have we baked in? Just wanted to know that.
- Arun Misra:** So, we have seen the worst case and the most positive case. Most positive case, meaning that we get a very, very minimal royalty increase. Worst case, we see there is a competition. But looking at our current margins, we are very confident with the worst kind of cases that we have planned in our mind, we will have a good amount of profitability, much better than all other metal businesses in India.
- Sumangal Nevatia:** Sir, can you share what could be the worst-case number of royalty in the market?
- Arun Misra:** That will give an indication to what price we will bid there, no? So, why should we?

- Sumangal Nevatia:** Sir, just one last question on this 0.5-million-ton fertilizer plant. If you can remind, what is the total CAPEX that will be spent? And what sort of asset turn are we looking at?
- Sandeep Modi:** So, fertilizer total CAPEX cost is around Rs. 1,800 crores and around Rs. 1,000 crores has already been spent and the remaining will be spent in the next 9 months to get a complete 5 lakh ton of the fertilizer.
- Sumangal Nevatia:** And what sort of revenue or say EBITDA potential on a steady-state basis are we looking at?
- Sandeep Modi:** So, as we said in earlier in case of fertilizer, we are expecting around Rs. 400-450 crores of the EBITDA and around Rs. 2,000-2,500 crores of revenue.
- Sumangal Nevatia:** And the ramp up, so we are looking at 1Q, '27. So, should we expect the ramp up over what, 2 years or something? Or is it...
- Arun Misra:** No, no. The ramp up, why should it be 2 years? Maximum 3 months, we will have the ramp up.
- Sumangal Nevatia:** So, potentially second half FY 27, we can see this run rate.
- Arun Misra:** Yes, correct. It is most of a chemical process. It is not a hot furnace process. So, hence, it will be easier.
- Moderator:** Our next question comes from the line of Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.
- Ashish Kejriwal:** Sir, question on our expansion. When will we start ordering our equipments because we mentioned earlier that it will take 36 months from the date of ordering. And as well as in the last call, we said that we will give some indication of our 2<sup>nd</sup> Phase also. That is my first question.
- Arun Misra:** So, the last 250,000 tons per annum smelting complex that we have spoken about. For the smelter portion of that we have already placed order. For the mining portion of it, we will place order in 10-15 days' time. And then we will do the concentrator, we should be able to place order by August 2nd week. So, that is the 1st Phase. Now in the second part, we should be placing all the orders for 2-million-ton expansion which should be placed by September 30th.
- Ashish Kejriwal:** So, we have formed up the plan for second phase also.
- Arun Misra:** Absolutely, absolutely, absolutely.
- Ashish Kejriwal:** Secondly, in terms of this quarter, a couple of data points. One is, what's the grade, average grade this quarter versus last quarter? Secondly, power cost, is it possible to share on a per unit basis how it has changed? Because the delta which you are talking about, that 19% renewable versus 13%, it could be maybe because of lower volume. But if you think that we can do 19% for the entire year, then please communicate that also. And thirdly, how much brand fee we have

paid in this quarter? Because we have increased the brand fee to 3% of the revenue versus 2% earlier and we just want to get more comfort also that whether it is going to change further or not.

**Sandeep Modi:**

So, I will give the answers on this grade. So, the grade was 7.53% this quarter compared to the last year's Quarter 1 Y-o-Y around 7.41%. So, there is an improvement in the grade that also helped into the cost. And in case of the power cost, I think we don't specifically talk about the power cost, but it's lower. So, not on account of the renewable energy, it's 19%.

Overall, as I said, the power cost is reduced on about three reasons. One is the Serentica power is coming better compared to last year Y-o-Y as they are commissioning the facility. Secondly, the imported coal price is being softened. And third, which I talked about the highest ever domestic coal utilization of 54%. These are the reasons for, you can see the power cost towards the Rs. 5 kind of thing, something like you can model in your numbers in case you wish to. Specifically, I can't quote.

Thirdly, about the numbers of the brand fee payment, the brand fee payment of this quarter at the beginning of the year which goes as per the agreement has been around Rs. 1,060 crores. And this is the number which I talked about.

**Arun Misra:**

There is no change.

**Sandeep Modi:**

There is no change in any other things in terms of the terms and conditions.

**Ashish Kejriwal:**

So, because last year, brand fee was 2% of revenue and which increased to 3% now. And do we envisage that this can sustain at 3% or it can go up to 5% also because we don't need shareholders approvals again.

**Arun Misra:**

Now it will remain at 3% till the end of the contact period.

**Ashish Kejriwal:**

And what is the contact period, sir?

**Arun Misra:**

It is beyond next two fiscal years.

**Ashish Kejriwal:**

That means, at least till FY '28, it will remain at 3%.

**Arun Misra:**

If you can model up to FY '27, it will remain same.

**Ashish Kejriwal:**

And sir, in power costs, actually I was looking at more of our Q-on-Q basis, not Y-on-Y basis.

**Arun Misra:**

Power cost on Q-on-Q basis?

**Sandeep Modi:**

Quarter-on-quarter basis also it has reduced only.

- Ashish Kejriwal:** And that is mainly because of renewable power.
- Sandeep Modi:** Absolutely.
- Arun Misra:** And more domestic coal and more renewable power.
- Sandeep Modi:** So, I think again repeating. More domestic coal has helped us and the better quality of the coal from the Coal India has helped us. Renewable energy has helped us. So, if you talk, coal, 20 paisa reduction has happened compared to the last quarter in the per unit basis.
- Ashish Kejriwal:** And sir, lastly, just to get more comfort, we have already seen some reports going on, that we are in sync with the Government Nominating Directors also in all the proposals which we are taking right now. So, no issues at all yet of that. So, that will give a good comfort.
- Arun Misra:** Absolutely. There is only one proposal that the Board approved which is, apart from routine business matter, is that expansion program. And everybody is fully supporting expansion of Hindustan Zinc and the 1st Phase of 250 Ktpa has brought in huge enthusiasm and entire Board of Directors were happy to see that finally Hindustan Zinc is getting out of comfort zone of 1 million ton plus production every year.
- Ashish Kejriwal:** That's cool, sir. Thank you so much. That gives the comfort.
- Moderator:** We will take last question from the line of Ritesh Shah from Investec. Please go ahead.
- Ritesh Shah:** Couple of questions. Sir, first is if you could detail the status on Bamnia Kalan Mine, and if you could put in context physically if you look at the grades from Rampura Agucha, SK, RD, it has been deteriorating if you look at the trend line over the last 7 to 10 years. So, in the last call, we have given a COP number which is pretty much static. So, if you could just marry the two parts to the question and help us understand, one is the status and how should one comprehend the COP number.
- Arun Misra:** See, practically speaking, overall grade, if you see, as you go down deeper into the mine, there is chances of the grade being worse. But it is a general statement. But then you look at the various patches of the mine, and we have to balance between those patches to ensure that we have a consistent grade, if not better grade overall. And that is a strategy call we take which part to mine when depending upon suppose if I take Quarter 1 last quarter if you look at that we had a grade which was worse than the grade that we had in Quarter 4. Typically, in Quarter 4, we try to maximize production to get the best at that point of time. And so we also pick and choose where to mine, how to mine.
- Basically mine is developed in three, four different levels, about some 15, 16 different areas so that always we have a choice to make among the grades that we take. So that stage will continue, but seeing that, you will also appreciate, Agucha is the best grade, then followed by SK and RD, and then followed by Zawar, which is the worst grade. Bamnia Kalan, when we develop, my

expectation, it should be somewhere between RD Mine and SK Mine, between 5% to 6% grade material it will produce. And we are currently about 44-45% work has happened on the development of the mine and we expect the mine to open somewhere in 2026, end of 2027 early.

**Sandeep Modi:** Only thing that in case you want to model in your number, the R&R, SRK audited numbers which we publish, that is the final number from the mineable grade point of view, which is 7.2%. That you can model in your financial model for the COP purpose.

**Ritesh Shah:** Sure, that's helpful. Sir, my second question is on roasters. Can you help us refresh what is the current status? Do we have silver contribution production coming out of roasters right now?

**Arun Misra:** Finish your question.

**Ritesh Shah:** And once basically it gets operationalized, what is the sort of contribution that we expect from roasters to come through?

**Arun Misra:** So, roasters primarily produce Calcine, which helps us to produce Zinc. They do not produce silver. However, from Calcine, when we produce Zinc by the leaching process, the residue that we have, then that residue, weak acid leaching residue as we call it, we can take it to fumer. And after fuming from that residue, we can make lead silver cake. And that lead silver cake again sent to furnaces to produce silver. That is the whole circuit.

So, roaster per se does not produce silver, but as long as if I have more capacity of leaching and purification circuit, then I will have more amount of silver being produced. As of now, we are not adding to leaching and purification circuit, but we have added fumer. So, as long as that fumer 33 ton capacity is there, even if I put 20 more roasters, that 33 ton is the only capacity I have. That's why you will see that our expansion plan, new leaching and purification circuits that we will make, it will all come with new fumers, so that from the zinc circuit we can produce more silver, the way actually you have been hinting.

**Ritesh Shah:** This is helpful. Sir, two wider questions. One is how should one understand the increase in brand fee from say 1.7% to 3% or what is the underlying rationale for same?

**Arun Misra:** No, so the brand fee is a thing that has been widely discussed in the books and the rationals are known it is a bundled services. There are various strategic services and you will all appreciate that this Company, when it was taken over, it had only 5 years of remaining life, had only 100,000 tons of production.

That complete transformation of this Company to a 1 million ton production with about 25-30 years of life left, huge amount of risk taken in exploration, there was no silver production, making it world's third largest silver producing country, 700 tons of silver, the migration from open pit Agucha Mine to complete underground without disruption in production, thousands and

thousands of crores of wealth creation for shareholders. Imagine all that cannot be attributed to an existing management that was there when the Hindustan Zinc was disinvested.

So, there is a something, brand and services which help that transformation that due is there and all that justification was discussed in the Board, duly vetted by external consultants, benchmarked with similar fee arrangements in all other conglomerates and then finalized.

**Sandeep Modi:**

And just to correct it, it is not 1.7. It was 2%. It is not 1.7 to 3. It is 2 to 3.

**Ritesh Shah:**

Fair. And what should we make of Vedanta reducing its stake in Hindustan Zinc during the quarter? So, on one side, the parent is reducing the stake and on the other side, basically the brand fee is actually increasing. Is there any relation between the two events and how should one understand the ownership of the promoter into Hindustan? Like, will this number continue to reduce? How should one look at it?

**Arun Misra:**

No, as Hindustan Zinc Management, we cannot comment on any one of the or many of the owners of the Company, their strategic moves and what they do. But as far as the operations are concerned, we will appreciate that management control remains even at a much lesser holding of the Company. So, as long as management control is there, then as long as strategic directions are set, strategic services are provided, the brand fee also is there.

**Ritesh Shah:**

And sir, just last one question. Is it possible to convert silver sand to gold? I think this was one of the points in one of the recent reports which popped. I just wanted to understand like has there been any movement of silver sand from Hindustan Zinc to Fujairah Gold? And how should one understand the mass balance and the underlying economics and grades?

**Arun Misra:**

No, no, we sell silver and residues of silver also we sell. So, we sell many of these smelter residues as it is based on the primary metal existence to people. But if there are trace elements somewhere and really that is not the way the metal business is done.

**Sandeep Modi:**

Silver sand contains 93% of the silver.

**Arun Misra:**

Silver. So, we sell many other, like suppose the SHG zinc we sell, it might have some traces of something we don't know.

**Sandeep Modi:**

So, recently the Government of India has also put a lot of IBM and other things to see if there are any critical minerals there out of these 24 strategic minerals in any of the minerals mining. They are also searching. If there may be traces which become commercially viable, it can always be recoverable. At this point of day, it doesn't become commercially viable to recover.

**Ritesh Shah:**

Sir, my simple question is basically, do we sell something called silver sand to Fujairah Gold? And is it possible to recover gold out of silver? Because honestly, I haven't heard of anything of this sort.

- Arun Misra:** No.
- Sandeep Modi:** Silver sand is being sold on the basis of the LBMA prices which contain the 93% silver which goes to Fujairah Gold as well.
- Ritesh Shah:** And in the annual report, is it possible to figure this particular line item?
- Sandeep Modi:** It won't be possible Ashish, because it is not my finished goods, sir. You will see lot of other income which will be there. It is a part of other income. For me, it's a residue. I think you are getting a bias because of somebody's putting that it should be a separate segment. It cannot be. It's a by-product.
- Arun Misra:** It is a residue.
- Sandeep Modi:** It's a residue for me.
- Ritesh Shah:** I honestly wasn't aware of anything of this sort, so just a clarification. Thank you so much for the answer.
- Arun Misra:** Like we sell our ausmelt slag and all that. Many of the slags we sell.
- Sandeep Modi:** So, ISF dross is being sold. Ausmelt slag is being sold, which also contains the zinc and lead. So, that's why, Ashish, just to take the conversation forward, to give you the perspective, that's why how the Runaya facilities were set up, because there are two options. Either you sell the residues as it is formed, or you recover the zinc-lead metal out of it. More and more you recover, it becomes beneficial for us. So, that's why the ancillary facilities are getting set up.
- Moderator:** Thank you. Ladies and gentlemen, I now hand the conference over to Ms. Jain for closing comments.
- Raksha Jain:** Thank you, operator. Thank you, everyone, for joining us today on this call. If there are any follow-up questions or any clarifications required, you can reach out to the Investor Relations team. Thank you.
- Moderator:** Thank you. On behalf of Hindustan Zinc, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.