

Hindustan Zinc Limited

Results for the First Quarter Ended June 30, 2023

“Highest-ever first quarter mined metal and silver production with consistent refined metal production. PAT at INR 1,964 Crores; impacted due to lower metal prices.”

Highlights for the Quarter

- Mined metal: 257 kt
- Refined metal: 260 kt
- Saleable silver: 179 MT
- Zinc COP: US\$ 1,194 per MT

Udaipur, July 21, 2023: Hindustan Zinc Limited, the leading global integrated producer of zinc, lead and silver, reported its results for the first quarter ended June 30, 2023.

Commenting on the performance, **Mr. Arun Misra, CEO**, said: *“Hindustan Zinc has once again demonstrated its ability to deliver in a highly volatile external environment by accomplishing highest ever first quarter mined metal and silver production and maintaining a consistent run-rate of refined metal production. We strongly believe that in a cyclical commodity business, protecting margins is fundamental, hence our strong focus lies on optimising cost and enhancing volumes. The cornerstone of Hindustan Zinc’s strategic priorities is to maximise shareholders return, and delivering as per commitment is an accurate reflection of the same. Our strategic development projects are also progressing well and now on track, while we continue to progress on our sustainability journey towards net-zero by 2050. I am also happy to share that Hindustan Zinc has been certified as a ‘Great Place to Work’ for the fifth consecutive year. With such endorsements at the backdrop, we strive to grow safely, responsibly, and sustainably.”*

Mr. Sandeep Modi, CFO, said: *“Amidst the macro-economic headwinds moderating the base metal prices, Hindustan Zinc had a positive start of the year with a strong operational performance, attributable to consistent cost optimisation efforts and operational efficiencies, thereby protecting margins. With a first-time sequential drop in first quarter cost of production in the recent past, we continue to maintain our cost leadership in the global zinc cost curve. As we advance forward in this transformational year, we continue to focus on our ongoing development projects, automation & digitalisation investments and sustainable operations. I am happy to share that Hindustan Zinc has been recognised with ‘Masters of Risk Jury Award in Metals & Mining and ESG Specialization’ at CNBC-ICICI Lombard India Risk Management Awards 2023.”*

Financial Summary Standalone

INR. Crore or as stated

Particulars	Q1			Q4	
	2024	2023	Change	2023	Change
Sales¹					
Zinc	4,668	6,865	-32%	5,861	-20%
Lead	961	988	-3%	1,050	-8%
Silver	1,298	1,109	17%	1,217	7%
Others	355	425	-16%	381	-7%
Total	7,282	9,387	-22%	8,509	-14%
EBITDA	3,360	5,279	-36%	4,211	-20%
Profit After Taxes	1,970	3,093	-36%	2,589	-24%
Earnings per Share	4.66	7.32	-36%	6.13	-24%
(INR, not annualised)					
Mined Metal Production ('000 MT)	257	252	2%	301	-15%
Refined Metal Production ('000 MT)					
Total Refined Metal					
Zinc	209	206	1%	215	-3%
Saleable Lead	51	54	-6%	54	-6%
Zinc & Lead	260	260	-	269	-4%
Saleable Silver ² (in MT)	179	177	1%	182	-2%
Wind Power (in million units)	121	150	-19%	71	72%
Refined Metal Sales					
Zinc (kt)	208	206	1%	216	-4%
Lead (kt)	50	54	-6%	54	-7%
Silver (MT)	179	177	1%	182	-2%
Zinc CoP without Royalty (INR/MT)	98,103	97,423	1%	99,824	-2%
Zinc CoP without Royalty (\$/MT)	1,194	1,264	-6%	1,214	-2%
Zinc LME (\$/MT)	2,526	3,915	-35%	3,124	-19%
Lead LME (\$/MT)	2,117	2,199	-4%	2,140	-1%
Silver LBMA (\$/oz.)	24.1	22.6	7%	22.6	7%
USD-INR (average)	82.16	77.06	7%	82.21	-

(1) Including other operating income

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

Financial Summary Consolidated

INR. Crore or as stated

Particulars	Q1			Q4	
	2024	2023	Change	2023	Change
Sales¹					
Zinc	4,668	6,865	-32%	5,861	-20%
Lead	961	988	-3%	1,050	-8%
Silver	1,298	1,109	17%	1,217	7%
Others	355	425	-16%	381	-7%
Total	7,282	9,387	-22%	8,509	-14%
EBITDA	3,359	5,278	-36%	4,208	-20%
Profit After Taxes	1,964	3,092	-36%	2,583	-24%
Earnings per Share	4.65	7.32	-36%	6.11	-24%
(INR, not annualised)					
Mined Metal Production ('000 MT)	257	252	2%	301	-15%
Refined Metal Production ('000 MT)					
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Operational Performance

Highest-ever first quarter mined metal production at 257 kt, an increase of 2.1% y-o-y on account of higher ore production largely at Rampura Agucha & Kayad mines supported by improved mined metal grades and better mill recovery. In line with mine preparation activities being carried out every year in first quarter, MIC production was 14.6% lower sequentially.

Refined metal production was 260 kt for the quarter, flat y-o-y and down 4% sequentially in line with plant availability. Integrated zinc production was 209 kt, up 1.4% y-o-y and down 2.9% sequentially. Integrated lead production for the quarter was down 5.7% y-o-y and 6.3% sequentially at 51 kt, in line with plant availability.

Saleable silver production for the quarter was 179 MT, up 1.2% y-o-y and down 1.6% sequentially in line with lead metal production and higher WIP depletion.

Financial Performance

Revenue from operations during the quarter was INR 7,282 Crore, down 22.4% y-o-y on account of lower zinc & lead LME, lower lead volumes and differential strategic hedging impact partly offset by higher zinc and silver volumes, improved silver prices and favourable exchange rates.

Sequentially, revenue was down by 14.4% on account of lower zinc LME, lower metal & silver volumes partly offset by improved silver prices.

Zinc cost of production before royalty (COP) for the quarter was US\$1,194 (INR 98,103) per MT, lower by 5.6% (0.7% higher in INR terms) y-o-y and lower by 1.7% (1.7% lower in INR terms) sequentially. Cost improvement is majorly on account of softened coal and input commodity prices, better domestic coal (linkage) availability, further supported by better grades and operational efficiencies year on year.

EBITDA for the quarter was INR 3,359 Crore, down 36.4% y-o-y and 20.2% sequentially, mainly on account of lower zinc & lead LME partly offset by lower costs and better silver prices.

Net profit for the quarter was at INR 1,964 Crore, down 36.5% y-o-y and 24.0% sequentially, primarily on account of lower EBITDA partly offset by lower tax expense.

Projects Update

- For Hindustan Zinc Alloys Private Limited (HZAPL), mechanical installations and cold commissioning of main Alloy plant have been completed and hot commissioning is planned in Q2 FY24
- For Rajpura Dariba Mill, installation work completed and cold commissioning and plant hookup with existing facilities ongoing. Production targeted by mid Q2 FY24
- For the Fumer commissioning, HZL team visited China for training on commissioning & online support. Due to continued visa restrictions, the commissioning will be done through online support and inhouse experts and is expected to be completed by early Q2 FY24
- For the new Roaster at Debari, all orders are placed and EPC works will start in Q2 FY24
- For Hindustan Zinc Fertilisers Private Limited (HZFPL), major process package order has been finalized, and the partner has been locked in. Remaining orders are targeted by Q2 FY24

ESG Update

- Certified as Great Place to Work for the fifth consecutive year
- Won the prestigious PeopleFirst HR Excellence Awards in the categories of “Leading Practices in Talent Management” & “Leading Practices in Employee Relations (Industrial Relations)”
- HZL became the piloting member for Science Based Target for Nature target setting, the only one in India and only metal and mining company amongst the member companies.
- Submitted Taskforce on Nature-related Financial Disclosure (TNFD) piloting for LEAP approach in collaboration with ICMM
- India’s 1st ever all women mining rescue team trained at Mines Rescue Station, Nagpur
- Zawar group of mines won Platinum Award at Apex India Green Leaf Awards 2022
- Zawar Mines won CII Best Practices Award for its dry tailing plant
- On World Environment Day, ‘Coffee Table Book’ on ‘Preserving the Beauty of Biodiversity in Nature’ was launched in the presence of Rajasthan State Pollution Control Board, Chairperson at Jaipur
- Two zinc football players selected in Rajasthan state team
- Awarded with two titles in ‘India Risk Management Award 2023’ by CNBC-ICICI Lombard including special jury citation for ‘Risk Management in Metal & Mining Industry’ and ‘Master of Risks in Environmental Social Governance’ Category

Liquidity and Investment

As on June 30, 2023, the Company’s consolidated gross investments and cash & cash equivalents were INR 9,709 Crore as compared to INR 10,061 Crore at the end of Mar’23 which was invested in high quality debt instruments. Total borrowings outstanding as on Jun’23 was INR 9,330 Crore.

Outlook for FY24

Both mined metal and refined metal production in FY24 is expected to be higher than last year. Mined metal is expected to be between 1,075-1,100 kt & refined metal production in the range of 1,050-1,075 kt.

FY24 saleable silver production is projected to be between 725-750 MT.

Zinc cost of production in FY24 is expected to be in between US\$ 1,125-1,175 per MT. Project capex for the year is expected to be in the range of US\$ 175-200 million.

Earnings Call on Friday, July 21, 2023, at 1600 hours (IST)

The Company will hold an earnings conference call on Friday, July 21, 2023, at 1600 hours IST, where senior management will discuss the Company’s results and performance.

Conference Dial-In Information:

[Express Join via internet registration](#)

Please dial the below number at least 5-10 minutes prior to the conference schedule.

Universal Access +91 22 6280 1340, +91 22 7115 8241

Playback Dial-In Numbers +91 22 7194 5757

July 21 - July 28, 2023 Playback Code: 43190

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About Hindustan Zinc

Hindustan Zinc, a Vedanta Group company in Zinc-Lead and Silver business is world's 2nd largest integrated Zinc producer and 5th largest Silver producer. The company governs about ~80% of the growing Zinc market in India with its headquarters at Udaipur along with Zinc-Lead mines and smelting complexes spread across the state of Rajasthan.

Hindustan Zinc is self-sufficient in power with captive thermal power plants and has ventured into green energy by setting-up wind power plants. The company is ranked 1st in Asia-Pacific for the fourth consecutive year and globally 3rd in S&P Global Corporate Sustainability Assessment in 2022 amongst Mining & Metal companies. Hindustan Zinc is a certified Water Positive company and is the only Indian company to be recognized at the S&P Global Platts Metal Award 2022 winning two prestigious awards for 'Industry Leadership Award - Base, Precious & Specialty Metals' Award and 'Corporate Social Responsibility' Award.

The company takes pride in having some of the best-in-class people practices and employee-centric initiatives, which have certified Hindustan Zinc as - 'Great Place to Work 2023', 'Company with Great Managers 2022' by People Business and the 'People-first HR Excellence Award'.

As a socially responsible corporate, Hindustan Zinc has been relentlessly working towards transforming lives of over 1.7 million people in 237 villages in the states of Rajasthan and Uttarakhand. The company is amongst the Top 15 CSR Spenders in India.

Learn more about Hindustan Zinc on - <https://www.hzindia.com/home/> and follow us on [LinkedIn](#), [Twitter](#), [Facebook](#), and [Instagram](#) for more updates.

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 businesses 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, London Bullion Metal Association, 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 and/or business operations to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements and investors should take their own decisions.