

Hindustan Zinc Limited

Results for the Second Quarter and Half Year Ended September 30, 2022

“Delivered YoY increase in quarterly metal volume by 18%, silver by 28% and PAT by 33%.”

Highlights Q2 FY23

- Mined metal production: 255 kt
- Refined metal production: 246 kt
- Saleable silver production: 194 MT
- Zinc COP: US\$ 1,259 per MT

Udaipur, October 21, 2022: Hindustan Zinc Limited, the leading global integrated producer of zinc, lead and silver, reported its results for the second quarter and half year ended September 30, 2022.

Commenting on the performance, **Mr Arun Misra, CEO**, said: *“Our world-class mining assets backed with our zeal for operational excellence has enabled us to deliver consistent results in the toughest of circumstances. We have further accelerated our digitalisation efforts to aid in our business efficiency & safety. With last twelve months run-rate for both mined & refined metal comfortably sustaining above one million tonnes, we are fully geared to deliver another stellar performance this year. In-line with our commitment to net zero by 2050, I am happy to share that we have signed a Power Delivery Agreement for sourcing up to 200 MW renewable energy, which will avoid 1.2 million MT of carbon emission.”*

Mr Sandeep Modi, Deputy & Interim CFO, said: *“We continue to maintain our cost leadership in the global zinc cost curve despite spiralling energy prices and mounting inflationary pressures. With our proactive investments in automation & digitalisation along with razor sharp focus on cost optimisation initiatives & improvement in overall efficiencies, we are confident to deliver superior returns to our shareholders.”*

Financial Summary Standalone

INR. Crore or as stated

Particulars	Q2			Q1		H1		
	2023	2022	Change	2023	Change	2023	2022	Change
Sales¹								
Zinc	5,824	3,926	48%	6,865	-15%	12,689	8,217	54%
Lead	991	885	12%	988	0%	1,978	1,710	16%
Silver	1,079	983	10%	1,109	-3%	2,188	2,089	5%
Others	442	328	35%	425	4%	868	637	36%
Total	8,336	6,122	36%	9,387	-11%	17,723	12,653	40%
EBITDA	4,390	3,332	32%	5,279	-17%	9,668	6,890	40%
Profit After Taxes	2,681	2,017	33%	3,093	-13%	5,774	4,000	44%
Earnings per Share (INR, not annualised)	6.35	4.77	33%	7.32	-13%	13.67	9.47	44%
Mined Metal Production ('000 MT)	255	248	3%	252	1%	507	470	8%
Refined Metal Production ('000 MT)								
Total Refined Metal								
Zinc	189	162	16%	206	-8%	395	350	13%
Saleable Lead	57	47	22%	54	5%	110	95	16%
Zinc & Lead	246	209	18%	260	-6%	506	445	13%
Saleable Silver ² (in MT)	194	152	28%	177	10%	371	313	19%
Wind Power (in million units)	124	155	-20%	150	-17%	274	289	-5%
Refined Metal Sales (kt)								
Zinc (kt)	189	164	15%	206	-9%	395	352	12%
Lead (kt)	57	47	22%	54	6%	110	95	16%
Silver (MT)	194	152	27%	177	9%	371	312	19%
Zinc CoP without Royalty (INR/MT)	1,00,307	83,208	21%	97,423	3%	98,748	80,991	22%
Zinc CoP without Royalty (\$/MT)	1,259	1,124	12%	1,264	-	1,260	1,096	15%
Zinc LME (\$/MT)	3,271	2,991	9%	3,915	-16%	3,580	2,955	21%
Lead LME (\$/MT)	1,976	2,340	-16%	2,199	-10%	2,083	2,237	-7%
Silver LBMA (\$/oz.)	19.2	24.4	-21%	22.6	-15%	20.9	25.5	-18%
USD-INR (average)	79.69	74.02	8%	77.06	3%	78.38	73.89	6%

(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	Q2			Q1		H1		
	2023	2022	Change	2023	Change	2023	2022	Change
Sales¹								
Zinc	5,824	3,926	48%	6,865	-15%	12,689	8,217	54%
Lead	991	885	12%	988	0%	1,978	1,710	16%
Silver	1,079	983	10%	1,109	-3%	2,188	2,089	5%
Others	442	328	35%	425	4%	868	637	36%
Total	8,336	6,122	36%	9,387	-11%	17,723	12,653	40%
EBITDA	4,387	3,332	32%	5,278	-17%	9,665	6,890	40%
Profit After Taxes	2,680	2,017	33%	3,092	-13%	5,772	4,000	44%
Earnings per Share	6.34	4.77	33%	7.32	-13%	13.66	9.47	44%
(INR, not annualised)								
Mined Metal Production ('000 MT)	255	248	3%	252	1%	507	470	8%
Refined Metal Production ('000 MT)								
Total Refined Metal								
Zinc	189	162	16%	206	-8%	395	350	13%
Saleable Lead	57	47	22%	54	5%	110	95	16%
Zinc & Lead	246	209	18%	260	-6%	506	445	13%
Saleable Silver ² (in MT)	194	152	28%	177	10%	371	313	19%
Wind Power (in million units)	124	155	-20%	150	-17%	274	289	-5%
Refined Metal Sales (kt)								
Zinc (kt)	189	164	15%	206	-9%	395	352	12%
Lead (kt)	57	47	22%	54	6%	110	95	16%
Silver (MT)	194	152	27%	177	9%	371	312	19%
Zinc CoP without Royalty (INR/MT)	1,00,307	83,208	21%	97,423	3%	98,748	80,991	22%
Zinc CoP without Royalty (\$/MT)	1,259	1,124	12%	1,264	-	1,260	1,096	15%
Zinc LME (\$/MT)	3,271	2,991	9%	3,915	-16%	3,580	2,955	21%
Lead LME (\$/MT)	1,976	2,340	-16%	2,199	-10%	2,083	2,237	-7%
Silver LBMA (\$/oz.)	19.2	24.4	-21%	22.6	-15%	20.9	25.5	-18%
USD-INR (average)	79.69	74.02	8%	77.06	3%	78.38	73.89	6%

(1) Including other operating income

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

Operational Performance

Mined metal production for the quarter was at 255 kt, up 2.8% y-o-y on account of better grades and improved mill recoveries. On a sequential basis mined metal production grew by 1.4% largely on account of better grades. Overall H1 FY23 mined metal production was 507 kt, an increase of 8.0% y-o-y owing to increased ore production, further supported by better grades and improved operational efficiencies.

Integrated metal production for the quarter was 246 kt, up 17.5% y-o-y, in line with improved smelter performance, better mined metal availability and base impact due to extended maintenance shutdown during the same period last year. On a sequential basis, integrated metal production witnessed a decrease of 5.5% due to lower roaster availability on account of the breakdown of an acid storage tank at the Chanderiya plant during Q2 FY23 and the time taken in ramp up of production post maintenance. Overall H1 FY23 integrated metal production was 506 kt, a growth of 13.5% y-o-y, resulting from consistent mined metal flow from mines and better plant availability partly offset by acid storage tank breakdown at Chanderiya plant in Q2 FY23.

Integrated zinc production for the quarter was 189 kt, up 16.4% as compared to Q2 FY22 and was 8.3% lower sequentially. For H1 FY23, integrated zinc production was at 395 kt a 12.8% increase as compared to H1 FY22. Integrated lead production for the quarter was up 21.5% y-o-y and 5.3% sequentially to 57 kt on account of the Pyro plant being operated in the Lead-mode for a part of the quarter and better plant availability. For H1 FY23, integrated lead production at 110 kt was up 16.1% y-o-y. Integrated silver production for the quarter was up 27.6% y-o-y and 9.5% sequentially at 194 MT in line with lead metal production and WIP liquidation. For H1 FY23, integrated silver production was up 18.6% y-o-y to 371 MT in line with lead metal production.

Financial Performance

Revenue from operations during the quarter was INR 8,336 Crore, an increase of 36.2% y-o-y, on account of higher refined metal & silver volumes, gain from strategic hedging, zinc prices and favourable exchange rates partly offset by lower lead and silver prices.

Sequentially revenue witnessed a decline of 11.2%, primarily due to lower zinc prices & volume and lower lead & silver prices while being offset by gain from strategic hedging, favourable exchange rate and improved lead & silver volumes. Sequentially lead and silver sales volumes increased by 6.0% & 9.1% respectively.

H1 FY23 Revenue from operation stood at INR 17,723 Crore, up 40.1% y-o-y, led by higher zinc volumes & prices, gain from strategic hedging, favourable exchange rates and increased lead & silver volumes while being partially offset by lower lead and silver prices.

Zinc cost of production before royalty (COP) was US\$ 1,259 (INR 1,00,307) per MT for the quarter, higher by 12.0% (20.5% higher in INR terms) y-o-y and lower by 0.4% (3.0% higher in INR terms) sequentially. H1 FY23 COP was US\$ 1,260 (INR 98,748) per MT an increase of 14.9% (21.9% higher in INR terms) y-o-y. The COP was affected largely on account of higher coal prices, lower domestic coal (linkage) availability, input commodity inflation being partially offset by higher volumes & improved operational efficiencies.

EBITDA for the quarter was INR 4,387 Crore, up 31.7% y-o-y and down 16.9% sequentially, primarily due to higher revenues being partially offset by increased costs owing to the input commodity inflationary environment. H1 FY23 EBITDA was INR 9,665 Crore, up 40.3% y-o-y, driven by improved metal and silver volumes, zinc prices, gain from strategic hedging and favourable exchange rates partly offset by higher costs and lower lead & silver prices.

Net profit for the quarter was at INR 2,680 Crore, up 32.9% y-o-y on account of higher zinc volumes & prices, gain from strategic hedging, and favourable exchange rates while being partially offset by the rising input commodity prices and lower lead and silver prices. Sequentially Net Profit for the quarter was 13.3% lower on account of lower metal production and lower zinc & silver prices being partially offset by strategic hedging gains and favourable exchange rates. H1 FY23 Net Profit was at INR 5,772 Crore, up 44.3% y-o-y led by higher EBITDA partly offset by increase in Tax and depreciation & amortisation.

Projects Update

- For Hindustan Zinc Alloys Private Limited (HZAPL) all orders have been placed and civil jobs are in advanced stage at the site. We expect the commissioning to be completed by Q4 FY23.
- Rajpura Dariba Mill civil construction is in advance stage & Mechanical and E&I works have already started and commissioning is expected to be completed by early Q4 FY'23.
- For the Fumer commissioning, NFC team arrived at site and cold commissioning of the equipment was completed. Few experts team is already at site & further visa process for few of the OEM & NFC experts is under advanced stage. We expect Fumer commissioning to be completed by end of Q3 FY23.
- A wholly owned subsidiary 'Hindustan Zinc Fertilisers Private Limited' was formed during Q2FY23 in line with the board approval received last quarter.

ESG Update

- HZL confirms its COP 27- Business leader working group participation
- In line with our 2050 net zero goal, we have signed a Power Delivery Agreement (PDA) for sourcing 200 MW renewable energy, which will avoid 1.2 million MT of carbon emission
- Pantnagar Metal Plant becomes the first unit of Vedanta to source 100% green power supply
- Dariba Smelting Complex is awarded with Five Star Grading by British Safety Council Occupational Health and Safety Audit.
- Hindustan Zinc's Triple Sweep at GreenCo Summit 2022- Dariba Smelting Complex (Gold rating), Chanderiya Lead Zinc Smelter (Gold rating), Debari Zinc Smelter (Silver Rating)
- Procured 2 UG BEVs at SK Mines from Normet (Charmec, Agitator)

Liquidity and Investment

As on September 30, 2022, the Company's gross investments and cash & cash equivalents were INR 17,807 Crore as compared to INR 24,254 Crore at the end of June'22. The Company's net investments as at end of September 30, 2022, was INR 15,696 Crore as compared to INR 21,439 Crore at end of June'22.

During the quarter, the company paid dividend of INR 8,873 Crore and long-term debt repayment (scheduled for Non-Convertible Debentures) of INR 704 Crore.

Outlook for FY23

We would like to reiterate our guidance on volume and capex for FY23.

Mined metal is expected to be between 1,050-1,075 kt & Refined metal production in the range of 1,000-1,025 kt. FY23 saleable silver production is projected to be between 700-725 MT.

The project capex for the year is expected to be in the range of US\$ 125-150 million.

In the previous quarter, management had cautioned against risk to cost guidance from rising input commodity prices. In light of the same, we would like to revise our cost guidance upwards.

Zinc cost of production in FY23 is expected to be in between US\$ 1,225-1,275 per MT.

Earnings Call on Friday, October 21, 2022, at 15:45 hours (IST)

The Company will hold an earnings conference call on Friday, October 21, 2022, at 15:45 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 71945757, +91 22 66635757

October 21 - October 28, 2022 Playback Code: 39148

For further information, please contact:

Shweta Arora

Head - Investor Relations

shweta.arora@vedanta.co.in

+91 9538453097

Maitreyee Sankhla

Interim Head – Corporate Communications

maitreyee.sankhla@vedanta.co.in

+91 7742161333

Siddharth George

Associate Manager - Investor Relations

hzi.ir@vedanta.co.in

About Hindustan Zinc

Hindustan Zinc, a Vedanta Group Company, is one of the world's largest and India's only integrated producers of Zinc-Lead and Silver. The Company has its headquarters at Udaipur in the State of Rajasthan where it has its Zinc-Lead mines and smelting complexes. Hindustan Zinc is self-sufficient in power with captive thermal power plants and has ventured into green energy by setting upwind power plants. The Company is ranked 1st in Asia-Pacific and globally 5th in Dow Jones Sustainability Index in 2021 amongst Mining & Metal companies. Hindustan Zinc is a certified Water Positive Company, a member of the FTSE4Good Index & S&P Global Sustainability Yearbook 2022 and a Bronze Medal winner at the S&P Global Sustainability Awards.

Being a people-first company, Hindustan Zinc believes in inculcating the values of Trust and Excellence to have a culture of high-performance in its workforce. 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 2021', 'Company with Great Managers 2020' by People Business and the PeopleFirst HR Excellence Award.

As a socially responsible corporate, Hindustan Zinc has been relentlessly working to improve the lives of rural and tribal people residing near its business locations. The company is amongst the Top 15 CSR Spenders in India and are currently reaching out to 700,000 people in 184 villages of Rajasthan, 5 in Uttarakhand and 16 villages in Gujarat. As a market leader, Hindustan Zinc governs about 78% of the growing Zinc market 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 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 behaviour 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.