

Hindustan Zinc Limited

Results for the Second Quarter and Half Year Ended September 30, 2023

“Robust H1 backed by strategic growth projects, sustained cost optimization and ESG excellence.”

Highlights

Q2 FY24

- Mined metal production: 252 kt
- Refined metal production: 241 kt
- Saleable silver production: 181 MT
- Zinc COP: US\$ 1,137 per MT

H1 FY24

- Mined metal production: 509 kt
- Refined metal production: 501 kt
- Saleable silver production: 360 MT
- Zinc COP: US\$ 1,167 per MT

Udaipur, October 20, 2023: 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, 2023.

Commenting on the performance, **Mr. Arun Misra, CEO**, said: *“Hindustan Zinc witnessed significant milestone achievements in its expansion efforts during the quarter. I am pleased to share the **commissioning of our Fumer plant, Rajpura Dariba concentrator and Zinc Alloy facility** ensuring a more sustainable, circular and efficient operations. Catalysing growth, our plants and assets are also geared up to maximise performance. With delivery of steady operational performance in first half of the year and ramped up facilities, we are confident of delivering a standout financial year. Advancing swiftly towards our sustainability goals, this quarter we commissioned another 4,000 KLD zero liquid discharge plant at Zawar mines and entered in an agreement for 180 LNG vehicles for green transportation. I am happy to share that our ambitious net zero targets are now approved by SBTi making Hindustan Zinc the only Indian company in mining sector with validated targets.”*

Mr. Sandeep Modi, CFO, said: “With our persistent focus on cost optimisation, operational efficiencies and working capital management, Hindustan Zinc delivered another quarter of steady margins and financial performance despite the complex economic landscape. I am happy to share that driven by our cost optimisation efforts, we have **successfully achieved third consecutive quarter of sustained cost improvement and the lowest cost in last six quarters**. We are well positioned to execute our strategic priorities in FY24 revolving around cost optimisation, digital advancement enhancing our competitive edge, healthy cash flows and robust balance sheet thereby generating long-term sustainable value for shareholders.”

Financial Summary Standalone

INR Crore or as stated

Particulars	Q2			Q1		H1		
	2024	2023	Change	2024	Change	2024	2023	Change
Sales¹								
Zinc	4,034	5,824	-31%	4,668	-14%	8,702	12,689	-31%
Lead	1,117	991	13%	961	16%	2,078	1,978	5%
Silver	1,297	1,079	20%	1,298	-0%	2,595	2,188	19%
Others	344	442	-17%	335	3%	699	868	-19%
Total	6,792	8,336	-18%	7,282	-7%	14,074	17,723	-21%
EBITDA	3,120	4,390	-29%	3,360	-7%	6,481	9,668	-33%
Profit After Taxes	1,737	2,681	-35%	1,970	-12%	3,707	5,774	-36%
Earnings per Share (INR, not annualised)	4.11	6.35	-35%	4.66	-12%	8.77	13.67	-36%
Mined Metal Production ('000 MT)	252	255	-1%	257	-2%	509	507	0%
Refined Metal Production ('000 MT)								
Total Refined Metal								
Zinc	185	189	-2%	209	-12%	394	395	0%
Saleable Lead	57	57	0%	51	12%	107	110	-3%
Zinc & Lead	241	246	-2%	260	-7%	501	506	-1%
Saleable Silver ² (in MT)	181	194	-7%	179	1%	360	371	-3%
Wind Power (in million units)	157	124	27%	121	29%	278	274	2%
Refined Metal Sales (kt)								
Zinc (kt)	185	189	-2%	208	-11%	393	395	-0%
Lead (kt)	57	57	0%	50	13%	107	110	-3%
Silver (MT)	181	194	-7%	179	1%	360	371	-3%
Zinc CoP without Royalty (INR/MT)	93,981	1,00,307	-6%	98,103	-4%	96,144	98,748	-3%
Zinc CoP without Royalty (\$/MT)	1,137	1,259	-10%	1,194	-5%	1,167	1,260	-7%
Zinc LME (\$/MT)	2,428	3,271	-26%	2,526	-4%	2,476	3,580	-31%
Lead LME (\$/MT)	2,170	1,976	10%	2,117	2%	2,145	2,083	3%
Silver LBMA (\$/oz.)	23.6	19.2	23%	24.1	-2%	23.8	20.9	14%
USD-INR (average)	82.68	79.69	4%	82.16	1%	82.42	78.38	5%

(1) Including other operating income

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

Hindustan Zinc Limited

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Financial Summary Consolidated

INR Crore or as stated

Particulars	Q2			Q1		H1		
	2024	2023	Change	2024	Change	2024	2023	Change
Sales¹								
Zinc	4,033	5,824	-31%	4,668	-13%	8,701	12,689	-31%
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Silver	1,297	1,079	20%	1,298	0%	2,595	2,188	19%
Others	344	442	-22%	355	3%	699	868	-19%
Total	6,791	8,336	-19%	7,282	-7%	14,073	17,723	-21%
EBITDA	3,122	4,387	-29%	3,359	-7%	6,481	9,665	-33%
Profit After Taxes	1,729	2,680	-35%	1,964	-12%	3,693	5,772	-36%
Earnings per Share	4.09	6.34	-35%	4.65	-12%	8.74	13.66	-36%
(INR, not annualised)								
Mined Metal Production ('000 MT)	252	255	-1%	257	-2%	509	507	0%
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(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 252 kt, down 1.4% y-o-y and 2.0% sequentially mainly due to lower ore production at Rampura Agucha and Kayad mine partly offset by better overall metal grades. H1 FY24 mined metal production stood at 509 kt, marginally up y-o-y on account of higher ore production largely at Rampura Agucha supported by better overall metal grades.

Refined metal production for the quarter was 241 kt, down 1.8% y-o-y and 7.1% sequentially on account of scheduled maintenance activity. Metal production for H1 FY24 stood at 501 kt, marginally down y-o-y, in line with plant availability.

Integrated zinc production for the quarter was 185 kt, down 2.3% y-o-y and 11.7% sequentially. Refined lead production for the quarter was 57 kt, flat as compared to Q2 FY23 and up 11.7% sequentially on account of pyro plant operations on lead mode during the quarter. H1 FY24 integrated zinc production stood at 394 kt, marginally down y-o-y. Refined lead production was at 107 kt, down 2.7% y-o-y in line with the plant availability.

Saleable silver production for the quarter was 181 MT, marginally up sequentially and down 6.8% y-o-y due to accumulation of WIP in Q2 FY24. H1 FY24 saleable silver production stood at 360 MT, down 3.0% y-o-y in line with lead metal production.

Financial Performance

Revenue from operations during the quarter was INR 6,791 Crore, down 18.5% y-o-y, on account of significantly lower zinc prices, lower zinc and silver volumes and differential strategic hedging impact partly offset by higher lead and silver prices and favourable exchange rates.

Sequentially revenue witnessed a decline of 6.7%, primarily due to lower zinc prices & volume and lower silver prices while being offset by favourable exchange rate, higher lead prices and improved lead & silver volumes.

H1 FY24 revenue from operations stood at INR 14,073 Crore, down 20.6% y-o-y, on account of significantly lower zinc prices, lower metal and silver volumes and differential strategic hedging impact partly offset by higher lead and silver prices and favourable exchange rates.

Zinc cost of production before royalty (COP) for the quarter was US\$ 1,137 (INR 93,981) per MT, lower by 9.7% (6.3% lower in INR terms) y-o-y and lower by 4.8% (4.2% lower in INR terms) sequentially. Zinc COP for H1 FY24 was US\$ 1,167 (INR 96,144) per MT, lower by 7.4% (2.6% lower in INR terms) y-o-y. Cost improvement is majorly on account of softened coal and input commodity prices, better domestic coal (linkage) availability, further supported by better grades sequentially.

EBITDA for the quarter was INR 3,122 Crore, down 28.8% y-o-y and 7.1% sequentially and for H1 FY24 EBITDA was INR 6,481 Crore, down 32.9% y-o-y, mainly on account of lower revenue being partially offset by cost improvement.

Net profit for the quarter was at INR 1,729 Crore, down 35.5% y-o-y and 12.0% sequentially and for H1 FY24 Net Profit was at INR 3,693 Crore, down 36.0% y-o-y, primarily on account of lower EBITDA partly offset by lower tax expense.

Key Strategic Updates

On 29th September'23, the Board authorized 'Committee of Directors' to evaluate value unlocking measures. External advisors to assist in the evaluation exercise have been appointed by the management and work is underway.

Projects Update

- Fumer plant commissioned in Q2 FY24 through remote support of OEM and HZL team from China, making it the first such kind of innovative commissioning across Hindustan Zinc. Full ramp up under progress and targeted by early Q3 FY24
- Rajpura Dariba Mill commissioned. Complete ramp up under progress, targeted by early Q3 FY24
- For Hindustan Zinc Alloys Private Limited (HZAPL), hot commissioning complete and first alloy metal produced in first week of Oct'23
- For the new Roaster at Debari, all orders placed. Engineering and procurement activities ongoing and EPC contractor mobilized at site
- For Hindustan Zinc Fertilisers Private Limited (HZFPL), major orders placed and technology partner onboarded. Engineering and procurement activities are ongoing

ESG Update

- Hindustan Zinc became the first metal and mining company in India to have validated Science Based Targets in line with 1.5° C with approved targets of 50% reduction in Scope 1 & 2 and 25% reduction in Scope 3 GHG emissions by 2030 and net zero by 2050 from base year 2020
- Hindustan Zinc signed a landmark agreement for deploying 180 LNG vehicles for inter-unit and finished goods movement reducing Scope 3 emissions
- Inaugurated a 4,000 KLD Zero Liquid Discharge (ZLD) Plant at Zawar mines to facilitate water recovery and reduction in freshwater dependency, reaffirming the Company's vision of zero waste & zero discharge and 5x water positivity by 2025
- HZL launched its second battery electric vehicle in the underground mines of Sindesar Khurd (SK)
- Selected to pilot the world's first Science-Based Targets for Nature
- Rajpura Dariba mine flagged off a wildlife rescue van as a part of the wildlife conservation plan. The van was handed over to the forest department of Rajsamand district
- Zawar Mines received CII National Award in Innovation Project Category for Environment Best Practices
- DSC recognized with Platinum award in metal and mining sector at Apex India Occupational Health and Safety Awards 2023

Liquidity and Investment

Company generated cash flow of INR 2,648 Crore during the quarter. As on September 30, 2023, the Company's gross investments and cash & cash equivalents were INR 11,393 Crore as compared to INR 9,709 Crore at the end of June'23 which was invested in high quality debt instruments.

Total borrowings outstanding as on Sep'23 was INR 11,323 Crore.

During the quarter, the company paid dividend of INR 2,958 Crore.

Outlook for FY24

We would like to reiterate our guidance for FY24.

Mined metal is expected to be between 1,075-1,100 kt and refined metal production in the range of 1,050-1,075 kt. 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, October 20, 2023, at 16:30 hours (IST)

The Company will hold an earnings conference call on Friday, October 20, 2023, at 16:30 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

October 20 - October 27, 2023 Playback Code: 78287

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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 ~75% 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. Hindustan Zinc is also the only Indian company in mining sector with validated & approved SBTi targets in alignment with 1.5 °C target.

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 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 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.