

Hindustan Zinc Limited

Results for the Third Quarter and Nine Months Ended December 31, 2023

“PAT at INR 2,028 Cr, up 17% q-o-q on the back of consistent volume growth & cost reduction.”

Key Highlights :

- **Ranked highest globally** in S&P Sustainability Assessment in Metals and Mining sector
- Quarterly **Revenue, EBITDA and PAT up sequentially** by 8%, 14% and 17% respectively
- Silver production at 197 MT for Q3 FY24, **up 22% y-o-y**
- Highest ever nine months’ mined metal & silver production, driving the attainment of **industry leading CAGR** and advancing towards achieving annual guidance
- **Lowest zinc cost of production** in last 10 quarters at US\$ 1,095 per MT & 4th consecutive quarter of cost reduction

Udaipur, January 19, 2024: Hindustan Zinc Limited, the leading global integrated producer of zinc, lead and silver, reported its results for the third quarter and nine months ended December 31, 2023.

Commenting on the performance, **Mr Arun Misra, CEO**, said: *“With our consistent focus on operational excellence, Hindustan Zinc delivered record nine-months mined metal and silver production to leverage the elevated silver price opportunities. The Company’s sustainable operational progress is reflected in its industry leading compounded annual production growth rate supplemented by safe practices. On sustainability front, advancing towards our decarbonisation mission, Hindustan Zinc has initiated the deployment of electric and LNG vehicles in its operations for inter-unit movements and finished goods transportation, thereby reducing the Scope 3 emissions. I am also happy to report that Hindustan Zinc has been ranked highest in the S&P Global Corporate Sustainability Assessment (CSA) 2023 among 238 companies with the score of 85 out of 100 under the metals and mining sector, underscoring our dedication to sustainable and responsible mining practices.”*

Mr Sandeep Modi, CFO, said: *“This marks Hindustan Zinc’s fourth consecutive quarter of consistent cost improvement and the lowest cost in last 10 quarters. We continue to remain focused on cost optimisation, operational efficiencies, working capital management, digital improvements and shareholder value maximisation. During the quarter, Hindustan Zinc has delivered steady margin of c.49%, bolstered by operational milestones and cost reduction. The Company is now in the first decile of the global zinc mining cost curve preserving its cost leadership globally and targets to achieve its designed cost in the near future.”*

Financial Summary Standalone

INR. Crore or as stated

| Particulars | 2024 | | | 2023 | | 9M | | |
|--|--------|--------|--------|----------|--------|--------|----------|--------|
| | Q3 | Q2 | Change | Q3 | Change | 2024 | 2023 | Change |
| Sales¹ | | | | | | | | |
| Zinc | 4,502 | 4,034 | 12% | 5,631 | -20% | 13,204 | 18,319 | -28% |
| Lead | 1,038 | 1,117 | -7% | 884 | 17% | 3,115 | 2,863 | 9% |
| Silver | 1,413 | 1,297 | 9% | 983 | 44% | 4,008 | 3,171 | 26% |
| Others | 357 | 344 | 4% | 368 | -3% | 1,057 | 1,236 | -14% |
| Total | 7,310 | 6,792 | 8% | 7,866 | -7% | 21,384 | 25,589 | -16% |
| EBITDA | 3,560 | 3,120 | 14% | 3,717 | -4% | 10,040 | 13,385 | -25% |
| Profit After Taxes | 2,038 | 1,737 | 17% | 2,157 | -6% | 5,745 | 7,931 | -28% |
| Earnings per Share (INR, not annualised) | 4.82 | 4.11 | 17% | 5.10 | -6% | 13.60 | 18.77 | -28% |
| Mined Metal Production ('000 MT) | 271 | 252 | 8% | 254 | 7% | 780 | 761 | 2% |
| Refined Metal Production ('000 MT) | | | | | | | | |
| Total Refined Metal | | | | | | | | |
| Zinc | 203 | 185 | 10% | 210 | -4% | 597 | 606 | -1% |
| Saleable Lead | 56 | 57 | -1% | 46 | 21% | 163 | 157 | 4% |
| Zinc & Lead | 259 | 241 | 7% | 257 | 1% | 760 | 762 | -0% |
| Saleable Silver ² (in MT) | 197 | 181 | 9% | 161 | 22% | 556 | 532 | 5% |
| Wind Power (in million units) | 55 | 157 | -65% | 50 | 11% | 333 | 324 | 3% |
| Refined Metal Sales (kt) | | | | | | | | |
| Zinc (kt) | 203 | 185 | 10% | 210 | -4% | 596 | 605 | -2% |
| Lead (kt) | 56 | 57 | -2% | 46 | 21% | 163 | 157 | 4% |
| Silver (MT) | 197 | 181 | 9% | 161 | 22% | 556 | 532 | 5% |
| Zinc CoP without Royalty (INR/MT) | 91,180 | 93,981 | -3% | 1,06,203 | -14% | 94,448 | 1,01,312 | -7% |
| Zinc CoP without Royalty (\$/MT) | 1,095 | 1,137 | -4% | 1,293 | -15% | 1,142 | 1,272 | -10% |
| Zinc LME (\$/MT) | 2,498 | 2,428 | 3% | 3,001 | -17% | 2,483 | 3,386 | -27% |
| Lead LME (\$/MT) | 2,123 | 2,170 | -2% | 2,098 | 1% | 2,137 | 2,088 | 2% |
| Silver LBMA (\$/oz.) | 23.2 | 23.6 | -2% | 21.2 | 10% | 23.6 | 21.0 | 13% |
| USD-INR (average) | 83.25 | 82.68 | 1% | 82.14 | 1% | 82.70 | 79.64 | 4% |

(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 | 2024 | | | 2023 | | 9M | | |
|---|--------|--------|--------|----------|--------|--------|----------|--------|
| | Q3 | Q2 | Change | Q3 | Change | 2024 | 2023 | Change |
| Sales¹ | | | | | | | | |
| Zinc | 4,502 | 4,033 | 12% | 5,631 | -20% | 13,203 | 18,319 | -28% |
| Lead | 1,038 | 1,117 | -7% | 884 | 17% | 3,115 | 2,863 | 9% |
| Silver | 1,413 | 1,297 | 9% | 983 | 44% | 4,008 | 3,171 | 26% |
| Others | 357 | 344 | 4% | 368 | -3% | 1,057 | 1,236 | -14% |
| Total | 7,310 | 6,791 | 8% | 7,866 | -7% | 21,383 | 25,589 | -16% |
| EBITDA | 3,559 | 3,122 | 14% | 3,717 | -4% | 10,040 | 13,382 | -25% |
| Profit After Taxes | 2,028 | 1,729 | 17% | 2,156 | -6% | 5,721 | 7,928 | -28% |
| Earnings per Share | 4.80 | 4.09 | 17% | 5.10 | -6% | 13.54 | 18.76 | -28% |
| (INR, not annualised) | | | | | | | | |
| Mined Metal Production ('000 MT) | 271 | 252 | 8% | 254 | 7% | 780 | 761 | 2% |
| Refined Metal Production ('000 MT) | | | | | | | | |
| Total Refined Metal | | | | | | | | |
| Zinc | 203 | 185 | 10% | 210 | -4% | 597 | 606 | -1% |
| Saleable Lead | 56 | 57 | -1% | 46 | 21% | 163 | 157 | 4% |
| Zinc & Lead | 259 | 241 | 7% | 257 | 1% | 760 | 762 | -0% |
| Saleable Silver ² (in MT) | 197 | 181 | 9% | 161 | 22% | 556 | 532 | 5% |
| Wind Power (in million units) | 55 | 157 | -65% | 50 | 11% | 333 | 324 | 3% |
| Refined Metal Sales (kt) | | | | | | | | |
| Zinc (kt) | 203 | 185 | 10% | 210 | -4% | 596 | 605 | -2% |
| Lead (kt) | 56 | 57 | -2% | 46 | 21% | 163 | 157 | 4% |
| Silver (MT) | 197 | 181 | 9% | 161 | 22% | 556 | 532 | 5% |
| Zinc CoP without Royalty (INR/MT) | 91,180 | 93,981 | -3% | 1,06,203 | -14% | 94,448 | 1,01,312 | -7% |
| Zinc CoP without Royalty (\$/MT) | 1,095 | 1,137 | -4% | 1,293 | -15% | 1,142 | 1,272 | -10% |
| Zinc LME (\$/MT) | 2,498 | 2,428 | 3% | 3,001 | -17% | 2,483 | 3,386 | -27% |
| Lead LME (\$/MT) | 2,123 | 2,170 | -2% | 2,098 | 1% | 2,137 | 2,088 | 2% |
| Silver LBMA (\$/oz.) | 23.2 | 23.6 | -2% | 21.2 | 10% | 23.6 | 21.0 | 13% |
| USD-INR (average) | 83.25 | 82.68 | 1% | 82.14 | 1% | 82.70 | 79.64 | 4% |

(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 271 kt, up 8% sequentially and 7% y-o-y, driven by higher ore production at Rampura Agucha and Sindesar Khurd mines, further supplemented by improved mined metal grades year on year. 9M FY24 mined metal production stood at 780 kt, up 2% y-o-y on account of improved mined metal grades.

Refined metal production for the quarter was 259 kt, up 7% sequentially and 1% y-o-y in line with the plant availability. Refined metal production for 9M FY24 stood at 760 kt, flat y-o-y.

Integrated zinc production for the quarter was 203 kt, up 10% sequentially and down 4% y-o-y. Refined lead production for the quarter was 56 kt, down 1% sequentially and up 21% y-o-y on account of pyro operations being operated on lead mode for longer duration as compared to base period to maximize silver production. 9M FY24 integrated zinc production stood at 597 kt, marginally down y-o-y, and refined lead production was at 163 kt, up 4% y-o-y.

Saleable silver production for the quarter was 197 MT, up 9% q-o-q and 22% y-o-y in line with the lead metal production and higher accumulation of WIP in Q2 FY24. 9M FY24 saleable silver production stood at 556 MT, up 5% y-o-y in line with lead metal production.

Financial Performance

Revenue from operations during the quarter was INR 7,310 Crore, up 8% q-o-q on account of better zinc & silver volumes, higher zinc prices and favourable exchange rates partly offset by lower lead prices and volumes. The revenue witnessed a decline of 7% y-o-y on account of significantly lower zinc prices, lower zinc volumes and strategic hedging impact in base period partly offset by increased silver & lead volumes and prices and favourable exchange rates.

9M FY24 revenue from operations stood at INR 21,383 Crore, down 16% y-o-y on account of lower zinc prices and volumes and strategic hedging impact in base period partly offset by better silver & lead volumes and prices, and favourable exchange rates.

Zinc cost of production before royalty (COP) for the quarter stood at US\$ 1,095 (INR 91,180) per MT, lower by 4% q-o-q (3% lower in INR terms) and 15% y-o-y (14% lower in INR terms). Zinc COP for 9M FY24 was US\$ 1,142 (INR 94,448) per MT, down by 10% y-o-y (7% lower in INR terms). Cost improvement is majorly on account of better volume, softened coal prices, operational efficiency partly offset by lower acid realisation, further supported by better grades and better linkage coal availability and utilisation year on year.

EBITDA for the quarter was INR 3,559 Crore, up 14% q-o-q and down 4% y-o-y in line with the revenue from operations and cost improvement, and for 9M FY24 EBITDA was INR 10,040 Crore, down 25% y-o-y, mainly on account of lower revenue being partially offset by cost improvement.

Net profit for the quarter stood at INR 2,028 Crore, up 17% sequentially on account of higher EBITDA partly offset by higher tax expense, and down 6% y-o-y. 9M FY24 net profit was at INR 5,721 Crore, down by 28% y-o-y, primarily on account of lower EBITDA partly offset by lower tax expense.

Projects Update

- Fumer and alloy plant are currently under operations, post their commissioning in the last quarter. Full ramp up targeted in Q4 FY24
- New Roaster at Debari of 160 ktpa and Hindustan Zinc Fertilisers Private Limited (HZFPL) of 510 ktpa: progress for main process package is on track

ESG Update

- Hindustan Zinc ranked highest out of 238 companies in Metals & Mining Sector in the 2023 S&P Global Corporate Sustainability Assessment (CSA) with a score of 85/100, advancing from the 3rd rank in 2022
- HZL flagged off 10 electric trucks, each boasting a capacity of 55 MT, for inter-unit transportation in partnership with Inland EV Green Services
- As a part of the initiative to deploy 180 LNG vehicles in partnership with GreenLine, 6 LNG vehicles were inaugurated in Debari, to facilitate the reduction of Scope 3 GHG emissions
- Hindustan Zinc's all women mine rescue team secured 1st position and all men team secured 3rd position at the 52nd All India Mines Rescue Competition
- Rajpura Dariba Complex's rescue team received international acclamation as a certified member of the International Mines Rescue Body (IMRB)
- Female first aid team and male rescue team of Rampura Agucha Mine won the 1st prize for 6th consecutive time under the 37th Mines Safety Week of DGMS, Ajmer region, among 22 competing teams
- HZL launched "Suraksha Kavach" phase-1 of fatality prevention controls initiative for underground mining, outlining clear No-Go criteria and critical checkpoints to be observed diligently
- Zinc Football Academy (ZFA) was awarded with the topmost Elite 3-star rating by the All-India Football Federation
- Hindustan Zinc's Sakhi program was awarded "The Skoch Gold Award" and Samadhan program was awarded "The Skoch Order of Merit" during the quarter

Liquidity and Investment

Company generated cash flow of INR 2,097 Crore during the quarter. As on December 31, 2023, the Company's gross investments and cash & cash equivalents were INR 9,743 Crore as compared to INR 11,393 Crore at the end of September'23 which was invested in high quality debt instruments. Total borrowings outstanding as on Dec'23 was INR 10,111 Crore.

During the quarter, the company paid dividend of INR 2,535 Crore.

Earnings Call on Friday, January 19, 2024, at 16:00 hours (IST)

The Company will hold an earnings conference call on Friday, January 19, 2024, at 16:00 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

January 19 - January 26, 2024

Playback Code: 01752

Hindustan Zinc Limited

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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 ranked highest in the S&P Global Corporate Sustainability Assessment in 2023 amongst Metals & Mining companies reflecting & reaffirming its constant commitment towards sustainable and responsible mining practices. 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 with a spend base of INR 276.3 crores in FY23 for various community development initiatives and is amongst the Top 10 CSR Companies 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.

Note: Highest rank at S&P Corporate Sustainability Assessment 2023 wherever mentioned is as on December 22, 2023.