

Hindustan Zinc Limited

Results for the Fourth Quarter and Full Year Ended March 31, 2024

“Record annual silver & metal production with strong cost resilience amidst lower zinc prices; PAT at INR 7,759 Crore.”

Key Highlights :

- Hindustan Zinc is now **the 3rd largest silver producer globally**, with highest silver annual production, up 5% y-o-y
- Holds **2nd largest zinc reserves and resources globally**
- Industry leading production growth rate with **best-ever annual metal production**
- **Highest-ever quarterly refined metal** production for Q4 FY24, up 6% sequentially
- **1st decile** of the global zinc mines cost curve; **lowest annual COP** in last 3 years at US\$ 1,117/MT
- Quarterly **Revenue up** by 3% and **EBITDA up** by 2%
- **Ranked first globally** in S&P Sustainability Assessment in Metals and Mining sector

Udaipur, April 19, 2024: Hindustan Zinc Limited (“HZL”), the leading global integrated producer of zinc, lead and silver, reported its results for the fourth quarter and full year ended March 31, 2024.

Commenting on the performance, **Mr. Arun Misra, CEO**, said: *“FY 2023-24 has been a year of solid growth for HZL, with mined metal, refined metal, and silver recording its highest historic production levels, supported by a backdrop of fatality-free operations. As part of our strategy, it was driven by our increased focus on silver & metal production and cost optimisation. The company withstood the market headwinds during the year, ensuring preservation of margins and shareholder value. Fuelled by our robust silver maximisation strategy, I am thrilled to announce that HZL has now become the 3rd largest silver producer globally. Additionally, during the quarter, HZL also incorporated ‘Hindmetal Exploration Services Private Limited’, as a wholly owned subsidiary, with an objective to explore, discover, develop and tap mineral resources aligning with the national focus and vision.*

Our commitment on the sustainability efforts remains robust. I am happy to share that our renewable energy (RE) power delivery agreement of 450 MW is advancing well and the first flow of RE power is now preponed and expected to begin in April’24, contributing to our journey towards achieving net zero targets. Our company has been awarded the CII National HR Excellence Award underscoring our exemplary people practices. With the full implementation of commissioned projects, HZL is poised for another exceptional year ahead.”

Mr. Sandeep Modi, CFO, said: *“Despite the plunging metal prices, HZL has consistently sustained its margin at a steady 47% by recording its fifth consecutive quarter of sustained cost reduction, clocking the lowest cost in last 3 years. This demonstrates the effectiveness of our agile decision-making strategy, with instances such as maximization of silver production leveraging the soaring silver prices, power plant modifications ensuring better linkage coal consumption thereby lowering the power costs along with operational & commercial efficiencies. I firmly believe that the challenges encountered throughout the year have strengthened our resilience and fortitude, propelling us to strive for even greater performance in the upcoming year towards our aspired annual targets and strong balance sheet.”*

HZL’s standalone and consolidated financial statements are detailed below, to be read along with the Company’s Investor Presentation, which is accessible at the end of this release.

Financial Summary Standalone

INR. Crore or as stated

Particulars	2024			2023		FY		
	Q4	Q3	Change	Q4	Change	2024	2023	Change
Sales¹								
Zinc	4,858	4502	8%	5,861	-17%	18,062	24,180	-25%
Lead	961	1,038	-7%	1050	-8%	4,076	3,913	4%
Silver	1,360	1,413	-4%	1217	12%	5,368	4,388	22%
Others	371	357	4%	381	-3%	1,428	1,617	-12%
Total	7,550	7,310	3%	8,509	-11%	28,934	34,098	-15%
EBITDA	3,641	3,560	2%	4,211	-14%	13,681	17,596	-22%
Profit After Taxes	2,042	2,038	0%	2,589	-21%	7,787	10,520	-26%
Earnings per Share (INR, not annualised)	4.83	4.82	0%	6.13	-21%	18.43	24.90	-26%
Mined Metal Production ('000 MT)	299	271	11%	301	-1%	1,079	1,062	2%
Refined Metal Production ('000 MT)								
Total Refined Metal								
Zinc	220	203	9%	215	2%	817	821	0%
Saleable Lead	53	56	-5%	54	-2%	216	211	3%
Zinc & Lead	273	259	6%	269	1%	1,033	1,032	0%
Saleable Silver ² (in MT)	189	197	-4%	182	4%	746	714	5%
Wind Power (in million units)	61	55	11%	71	-14%	394	395	0%
Refined Metal Sales (kt)								
Zinc (kt)	221	203	9%	216	2%	817	821	0%
Lead (kt)	53	56	-5%	54	-2%	216	211	3%
Silver (MT)	189	197	-4%	182	4%	746	714	4%
Zinc CoP without Royalty (INR/MT)	87,284	91,180	-4%	99,824	-13%	92,470	1,00,893	-8%
Zinc CoP without Royalty (\$/MT)	1,051	1,095	-4%	1,214	-13%	1,117	1,257	-11%
Zinc LME (\$/MT)	2,450	2,498	-2%	3,124	-22%	2,475	3,319	-25%
Lead LME (\$/MT)	2,077	2,123	-2%	2,140	-3%	2,122	2,101	1%
Silver LBMA (\$/oz.)	23.3	23.2	1%	22.6	4%	23.6	21.4	10%
USD-INR (average)	83.04	83.25	0%	82.21	1%	82.78	80.27	3%

(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		FY		
	Q4	Q3	Change	Q4	Change	2024	2023	Change
Sales¹								
Zinc	4,858	4,502	8%	5861	-17%	18,061	24,180	-25%
Lead	961	1,038	-7%	1050	-8%	4,076	3,913	4%
Silver	1,360	1,413	-4%	1217	12%	5,368	4,388	22%
Others	370	357	4%	381	-3%	1,427	1,617	-12%
Total	7,549	7,310	3%	8,509	-11%	28,932	34,098	-15%
EBITDA	3,637	3,559	2%	4,208	-14%	13,677	17,590	-22%
Profit After Taxes	2,038	2,028	0%	2,583	-21%	7,759	10,511	-26%
Earnings per Share (INR, not annualised)	4.82	4.80	0%	6.11	-21%	18.36	24.88	-26%
Mined Metal Production ('000 MT)	299	271	11%	301	-1%	1,079	1,062	2%
Refined Metal Production ('000 MT)								
Total Refined Metal								
Zinc	220	203	9%	215	2%	817	821	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 299 kt, up 11% sequentially, driven by higher ore production across mines, further supplemented by improved mined metal grades, but marginally down y-o-y. The full year mined metal recorded the best-ever production of 1,079 kt, up 2% y-o-y on account of improved mined metal grades.

Refined metal production for the quarter stood at 273 kt, its highest-ever. The production was up 6% sequentially on account of better plant availability, and up 1% y-o-y. Refined metal production for the full year stood at its highest-ever, reaching 1,033 kt, marginally up y-o-y.

Refined zinc production for the quarter was 220 kt, up 9% sequentially and 2% y-o-y. Refined lead production for the quarter was 53 kt, down 5% sequentially and 2% y-o-y. For the full year, refined zinc production stood at 817 kt, marginally down y-o-y, and refined lead production was at 216 kt, up 3% y-o-y, on account of pyro operations being operated on lead mode for longer duration during the year to maximize silver production.

Saleable silver production for the quarter was 189 MT, down 4% q-o-q in line with lead metal production, partly offset by WIP depletion, and up 4% y-o-y on account of WIP depletion during the quarter. Full year saleable silver production stood at its ever highest of 746 MT, up 5% y-o-y in line with lead metal production.

Financial Performance

Revenue from operations during the quarter was INR 7,549 Crore, up 3% q-o-q on account of better zinc volumes partly offset by lower lead & silver volumes, and lower metal prices. The revenue plunged by 11% y-o-y on account of significantly lower zinc & lead prices and lower lead volume, partly offset by increased zinc & silver volumes, silver prices and favourable exchange rates.

Revenue from operations for the full year stood at INR 28,932 Crore, down 15% 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\$ 1,051 (INR 87,284) per MT, lower by 4% q-o-q and 13% y-o-y in both US\$ and INR terms. Zinc COP for the full year was US\$ 1,117 (INR 92,470) per MT, down by 11% y-o-y (8% lower in INR terms). Cost improvement is majorly on account of better grades, softened coal and input commodity prices and better linkage coal materialization partly offset by lower acid realisation.

EBITDA for the quarter was INR 3,637 Crore, up 2% q-o-q and down 14% y-o-y in line with the revenue from operations and cost, and for FY24, EBITDA was INR 13,677 Crore, down 22% y-o-y, mainly on account of lower revenue partly offset by cost improvement.

Net profit for the quarter stood at INR 2,038 Crore, marginally up sequentially and down 21% y-o-y. FY24 net profit was at INR 7,759 Crore, down 26% y-o-y, primarily on account of lower EBITDA partly offset by lower tax expense.

Reserves & Resources (R&R)

Total R&R as on March 31, 2024 stood at 456.3 million tonnes containing metal of 30.8 million tonnes (net of production of 1.1 million tonnes in FY24). At current mining rates, the R&R underpins metal production of more than 25 years. In last 5 years, the R&R has increased by 35% (incremental ore of 118 million tonnes) considering production of 65.1 million tonnes of ore in this period.

Total ore reserves stand at 175.1 million tonnes (net of production of 16.5 million tonnes in FY24) at the end of FY24 (173.5 million tonnes at the end of FY23) led by continued focus on resource to reserve conversion during the year. Exclusive mineral resources totalled 281.2 million tonnes. Contained metal in ore reserves is 9.9 million tonnes of zinc, 2.8 million tonnes of lead and 312.2 million ounces of silver. The mineral resources contain 12.7 million tonnes of zinc, 5.5 million tonnes of lead & 542.1 million ounces of silver.

Projects Update

- Fumer and alloy plant have already commenced their commercial production in Q2 & Q3 FY24 respectively. Full ramp up is currently underway
- New Roaster at Debari of 160 ktpa and Hindustan Zinc Fertilisers Private Limited (HZFPL) of 510 ktpa: project progress is on track
- Received requisite regulatory approvals for Bamnia Kalan Mines and company is in process of finalizing the business partner to start the site activities

ESG Update

- HZL's commitment to prioritizing safety has resulted in six consecutive quarters of fatality free operations
- HZL secured 2 Indian patents titled 'Method for production of lead by performing dross removal procedures' and 'Method for production of zinc by utilizing lead plant slag', ensuring circular economy and resource utilization
- HZL has been recognized by CDP with the leadership band (A-) in climate change and water security
- The company is pursuing an optimized strategy for metal recovery from waste streams. This is in line with the company's philosophy of circular economy and waste reduction. HZL plans to advance on key projects like fumer plants for silver recovery from jarosite, tailing and jarofix treatment for metal recovery. Partner locked-in and technical evaluation ongoing, contributing to our ongoing efforts to develop our recycling business further
- HZL has prioritized payments to its MSME vendors, with an average processing time of 29 days during the quarter (37% better than the statutory requirement), strengthening trust in our supply chain partnerships
- HZL organized 'Wednesday for Transition', a training series for equipping suppliers with critical knowledge on ESG topics, facilitating ESG risk management throughout the value chain
- HZL shined in British Safety Council International Safety Awards with its locations winning seven awards across distinction, merit and pass categories
- HZL won Mission Energy Foundation Award for efficient management of fly ash - CPP in northern region
- HZL won Apex India Occupational Health and Safety Award 2023 in the platinum category under metals and mining sector
- People practices:
 - Received the prize for 'Leadership in HR Excellence' from the CII National HR Excellence Award highlighting our industry-leading people practices
 - Recognized at the prestigious 3rd National Transgender Awards for our commitment to creating a truly inclusive work environment under the umbrella of our flagship initiative #Zinclusion

Contribution to the exchequer

During the year, the Company contributed INR 13,197 Crore to the Government treasury.

Liquidity and Investment

Company generated cash flow of INR 2,099 Crore during the quarter. As on March 31, 2024, the Company's gross investments and cash & cash equivalents were INR 10,186 Crore as compared to INR 9,743 Crore at the end of December'23 which was invested in high quality debt instruments. Total borrowings outstanding as on Mar'24 was INR 8,455 Crore.

Company has a robust free cash flow from operations post capex of INR 9,004 Crore for FY24 (sustenance capex of INR 3,038 Crore and growth capex of INR 1,172 Crore) contributing to a healthy balance sheet, while maintaining a consistent AAA credit rating.

Outlook for FY25

Both mined metal and refined metal production in FY25 is expected to be higher than last year, given the ramp-up of all major projects commissioned in the last year and better capacity utilization. Mined metal is expected to be between 1,100-1,125 kt & refined metal production in the range of 1,075-1,100 kt.

FY25 saleable silver production is projected to be between 750-775 MT.

Zinc cost of production in FY25 is expected to be in between US\$ 1,050-1,100 per MT. Project capex for the year is expected to be in the range of US\$ 270-325 million.

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

The Company will hold an earnings conference call on Friday, April 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
April 19 - April 26, 2024	Playback Code: 34744

For further information, please contact:

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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 now the 3rd largest Silver producer. The company has a market share of ~75% of the growing Zinc market in India with its headquarters at Zinc City, 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 first 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'. Along with that, Hindustan Zinc has been recognized with the coveted CII HR Excellence Award, leading in HR innovation with a 600+ score.

As a socially responsible corporate, Hindustan Zinc has been relentlessly working towards transforming lives of 1.9 million people in 3,685 villages in the states of Rajasthan and Uttarakhand with a spend base of INR 269.3 crores in FY24 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: Hindustan Zinc is the 3rd largest silver producer globally as per World Silver Survey 2024 by The Silver Institute