



HZL/2025-26/SECY/34

June 23, 2025

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

Kind Attn: General Manager – Department

of Corporate Services

Scrip Code: 500188

Dear Sir/Madam,

National Stock Exchange of India Limited Exchange Plaza, 5th Floor Plot No., C/I, G Block Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051

Kind Attn: Head Listing & Corporate

Communication

Trading Symbol: "HINDZINC"

## **Sub: Transcript of Investor Conference Call**

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the transcript of the Investor Conference call held on Tuesday, June 17, 2025, regarding the Company's 2x Growth Project Announcement.

The same is also available on the Company's website at <a href="https://www.hzlindia.com/investors/reports-press-releases/">https://www.hzlindia.com/investors/reports-press-releases/</a>.

You are kindly requested to take the above information on record.

Thanking You,

Yours faithfully, For **Hindustan Zinc Limited** 

Aashhima V Khanna
Company Secretary & Compliance Officer

Encl: as above





## "Hindustan Zinc's 2x Growth Project Announcement Investor Conference Call"

June 17, 2025







MANAGEMENT: Mr. Arun Misra - Chief Executive Officer,

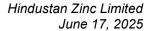
HINDUSTAN ZINC LIMITED

MR. SANDEEP MODI - CHIEF FINANCIAL OFFICER,

HINDUSTAN ZINC LIMITED

 ${\bf Ms.}\ {\bf Raksha}\ {\bf Jain-Director}\ {\bf Investor}\ {\bf Relations,}$ 

HINDUSTAN ZINC LIMITED





**Moderator:** 

Ladies and gentlemen, good day and welcome to Hindustan Zinc Limited's Investor Call.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '\*' then '0' on your touchtone phone. Please note that this conference is being recorded. Participants connected on webcast link may change the quality settings to 1080p to watch the proceedings on best quality.

I now hand the conference over to Ms. Raksha Jain – Director (Investor Relations) of Hindustan Zinc Limited. Thank you, and over to you.

Raksha Jain:

Thank you, operator. And good evening, ladies and gentlemen. Thank you for joining us today at short notice to discuss this Special Announcement on the 2x Growth Project.

In this call, we will refer to our Investor Presentation available on our Company's website. Please note that today's entire discussion will be covered by the Safe Harbor Clause mentioned on Slide #2 of the Presentation.

Today we have our CEO – Mr. Arun Misra and CFO – Mr. Sandeep Modi for discussing the details of the announcement followed by a Q&A session.

Now I would like to invite Mr. Arun Misra to present the results. Over to you, sir.

Arun Misra:

Thank you, Raksha. And a very good evening to all of you. We appreciate you joining us today on such a short notice as we share an important update in Hindustan Zinc's growth journey, one that will strengthen our standing as the world's largest integrated Zinc producer.

Turn to Slide #3. As you all know, we are the world's largest integrated Zinc producer and one of the lowest cost producers globally. We are also among top 5 silver producing companies in the world. As we continue to progress on our net-zero journey, we have been recognized for the second consecutive year as the most sustainable company in S&P Global CSA 2024 among metal and mining companies worldwide.

Slide #4. We take pride in owning a Tier-1 irreplaceable asset base that solidifies our leading presence in the Indian market. Our Rampura Agucha mine stands as the world's largest underground mine, while our Sindesar Khurd mine ranks among the top five silver-producing mines globally. This strategic advantage not only ensures our long-term growth, but also strengthens our position as an industry leader.

Turn to Slide #5. Zinc and silver as vital elements in clean energy storage and sustainable technologies are driving the global energy transition. Recognizing the crucial role in the green revolution, Hindustan Zinc takes pride in leading the way towards a more sustainable future.





On Slide #6, thanks to advanced exploration programs and strategic resource-to-reserve conversion, focused on sustaining a 10-year reserve mine life, we have for the first time since transitioning to underground mining surpassed 13 million tons of metal reserves at the end of March, net of production. Our total reserves and resources stand at 453.2 million tons of ore with an overall mine life exceeding 25 years.

Slide #7. India is rapidly emerging as the fastest growing economy and is firmly committed to transitioning towards a green future. This growth is driving a surge in the demand for supporting infrastructure, which in turn is boosting the construction, manufacturing and related sector, ultimately driving steel consumption.

Slide #8. Over the past two decades, the country has experienced an impressive 7% compound annual growth in steel capacity. Looking ahead, the Ministry of Steel projects steel capacity to reach 300 million tons by FY 2030. This expansion in steel capacity and demand will naturally drive a corresponding rise in Zinc consumption, fueled by its use across various sectors including renewable energy, construction, automotive and manufacturing.

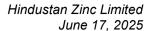
On Slide #9, the growth of the steel industry offers a significant opportunity for Hindustan Zinc to expand its capacity and meet the rising demand. Historically, our production growth has closely aligned with the increase in domestic steel production, enabling us to remain a strong domestic primary zinc market share consistently between 75% to 80%.

To continue this legacy of playing a vital role in national building and ensuring India's self-reliance in zinc, Hindustan Zinc has, as highlighted in previous quarterly earnings call, embarked on a journey to double our capacity to 2 million tons per annum by 2030 where our long-term target is to achieve 2 million tons of capacity by 2030, with silver capacity to increase to 1,500 tons per annum. This growth will be supported by all the mines together by increasing the overall ore production to 31 million tons from the existing 19.3 million tons.

On Slide #10, as the first step in this commitment, I am excited to announce that our Board has approved plans to expand our integrated refined metal capacity by 250,000 tons per annum along with corresponding increase in mine and mill capacity with an investment of approximately Rs. 12,000 crores.

This expansion includes establishing a new smelter with 250,000 tons per annum capacity in Debari along with a leaching and purification plant, a cell house and an additional 150,000 tons per annum Roaster. With these additions, our overall metal capacity will rise to about 1.379 million tons per annum, while mining capacity will increase to 1.5 million tons per annum to align with the smelting capabilities.

The plan also involves a new 2.4 million tons per annum concentrator and several debottlenecking projects to boost capacity and enhance mining infrastructure. Leveraging state-ofthe-art exploration technologies and a focused resource-to-reserve conversion approach, we will





continue to expand our reserves and resources base to support this growth, ensuring a mine life exceeding 25 years even after expansion. As we advance on our 2x growth journey, you can expect more announcements throughout the current financial year.

In closing, I want to reaffirm our unwavering commitment to driving sustainable growth and strengthening India's self-reliance. With strategic investment, cutting-edge technology and a clear vision for the future, Hindustan Zinc is well positioned to lead industry while contributing meaningfully to the nation's progress and global energy transition. We are excited about the journey ahead and confident in our ability to shape a stronger, most sustainable future for the company, for our shareholders and for the nation.

With this, I now hand over to Sandeep for further updates.

Sandeep Modi:

Thank you, Mr. Misra. And a very good evening, everyone. Once again, thanks to join at a very short notice.

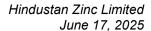
As Mr. Misra highlighted, this marks a highly anticipated milestone for the market, signaling the beginning of an exciting new chapter for our company, Hindustan Zinc. Through this expansion, we are not only stepping up to meet the country's growing needs in energy transition but also enhancing our EBITDA while consistently maintaining our industry leading margins of around 50%.

You may refer to Slide 11, which outlines the projected increase in revenue and EBITDA to approximately Rs. 40,000 crores and Rs. 21,000 crores respectively with 250 KTPA and Rs. 60,000 crores and Rs. 34,000 crores with doubling the capacity as planned.

Our core focus remains disciplined capital allocation, long-term value creation and delivering strong returns to our shareholders. As one of the top 10 wealth creators in the NIFTY 200 and among the highest dividend yield companies in India, we are committed to continue this performance.

Looking ahead, over the next five years, our free cash flow pre-project CAPEX should be around Rs. 50,000 crores and similarly amount for the profit after tax cumulatively on a conservative basis in a steady phase. It will be driven by a plant production growth outlined in our FY '26 guidance and the cost of production around \$1,000 per ton. This will be further supported by 70% renewable energy usage by FY '28 as committed earlier, enhancing domestic coal sourcing, economics of scale, digitalization, automation and operational efficiencies improvement. The newly approved 250 KTPA project will also begin generating cash accrual from its 4th year post zero date.

On the investment front, our estimated capital expenditure for doubling the capacity over the next five years should be stand between Rs. 32,000-35,000 crores in a phased manner and will be funded through a mix of debt and equity to improve the overall equity IRR, given that our





project IRR is much higher than our borrowing rate. It also makes us confident to continue to follow dividend policy of the company subject to the Board approval.

In conclusion, Hindustan Zinc is entering a transformative phase, one that aligns strong business fundamentals with national priorities and global sustainability goals. With a clear roadmap, disciplined execution and a solid financial strategy, we are well positioned to unlock long-term value for all stakeholders.

With this, I now hand over to the operator for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our

first question from the line of Vikash Singh from Phillip Capital. Please go ahead. Mr. Vikash

Singh?

Vikash Singh: Good afternoon, sir, and thank you for the opportunity. Sir, the first question regarding this 250

KTPA, what is the zinc versus lead mix and if you could give us the timelines for the completion

of the project as well?

**Arun Misra:** This is fully zinc. This is fully zinc. It does not have lead. And this is the first part of the whole

2-million-ton expansion. When we come to the second or the third part, we will be addressing

the expansion in lead also. So, this is fully zinc, and it will take about 36 months as per the

contract goes from placement of order or mobilization till commissioning.

**Vikash Singh:** So, is that the reason why our silver capacity is not increasing in a proportionate manner?

**Arun Misra:** No, but there is a silver lining in this project also, because this project will have its own fumer.

So, that fumer will add whatever between 25 to 30 tons of silver from the silver that comes along

with zinc metal in concentrate.

Sandeep Modi: Just to add, as part of the overall 2x plan, we are going to have a silver from 800 to 1,500. So,

announced. And silver will come with the lead production doubling. So, as of now, with the matching capacity, we have also increased the MIC capacity as well. And with that MIC, lead production will also be there. So, you may see in the next quarter, as we announce for the lead

as we have been earlier saying, it will be coming in the phases. It is the 1st Phase which has been

smelter or zinc smelter, until we reach. So, our target is to remain in the next three to six months,

we close all our feasibility and announce all the projects to take the 2 million 2x so that by next

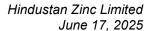
3 to 5 years, by FY '31, we go with the exit capacity of 2 million ton of the total metal and a

1,500 ton of silver.

**Vikash Singh:** Sir, my second question, given that we have this Rs. 12,000 crores CAPEX and you are saying

that in the next few months we will look for a 2 million ton, that means our CAPEX could be ranging from 40,000 to 50,000 easily. So, 10,000 to 15,000 crores annually. How should we

look at funding of this CAPEX and the dividend payment expectation going forward?





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Sandeep Modi:

So, as I have been saying, this project will be basically over the 3 to 5 years. And from the 4th year, this 250 KTPA project will also start giving the free cash flow and the EBITDA. So, if you look at all these things in a steady phase, even the last year we generated before the growth CAPEX Rs. 11,000 crores and if you just multiply at a steady phase with the increase in volume because without the growth CAPEX also every year we are improving our production through the small de-bottlenecking and operational efficiency by 3% to 4%. And the cost has also seen a significant reduction. With all this thing, we are comfortably projecting that Rs. 50,000 crores of the project free cash flow before the CAPEX should be able to generate in the next five years as a commodity basis.

Coming back to the growth CAPEX, of course, as I have covered in my talk track also, we are not averse to be a, because given our project IRR are significantly better than our borrowing rate. So, to improve the overall equity IRR from the shareholder perspective, we will go for the partly funding through the debt and partly through the internal accrual. I think this leaves the room for the shareholders subject to, of course, from the Board approval for the rewarding the shareholder as per the dividend policy.

Vikash Singh:

Sir, just one small clarification. We have seen that in the past this smelter cost has not been that high. So, given the Rs. 12,000 crores kind of the CAPEX, is our mining side has been a little bit more expensive, if you could give us some insights into it?

Sandeep Modi:

So, this is the way to look at. So, as far as smelter is concerned, CAPEX cost is \$2,500 per ton, okay, for the 250,000 capacity. And if we compare this with the global benchmark, which goes around \$3,500 per ton, so we are significantly lower compared to the global benchmark. And if you add the mining capacity, for that mining and smelting put together, you will have to go back to what Hindustan Zinc used to do 10 years or 15 years back when the mining and smelting, everything got added. If I take all the inflation and exchange rate which used to be 45 at that point of time, we are still better than compared to those rates because there is no actually really comparable benchmark. Because every mine is very different, every expansion of the outside India, inside India is very different. What can I compare is the smelter. So, smelter CAPEX is a \$2,500 per ton, which we are talking globally compared to \$3,500 per ton.

Vikash Singh:

So, roughly 5,.000 around for smelter and 7,000 towards the mining side. And which mine would be servicing this smelter?

Sandeep Modi:

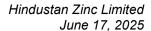
So, sorry, Rs. 6,200 crores is for the smelter and remaining 5,800 is for the mining. And the smelter will come at Debari plant.

Vikash Singh:

That's all for my side. I will come back in the queue if I have further questions.

**Moderator:** 

Next question is from Amit Dixit from Goldman Sachs. Amit, can you please unmute your microphone and go ahead with your question, please?





**Amit Dixit:** 

Hi, good evening, everyone. And thanks for the opportunity. A couple of questions from my side. The first one is if I look at the mining expansion, it is happening mainly at the RA Mines and Kayad. You have left SK alone and Bamnia Kalan alone. Is it due to that we are targeting zinc at this stage that we are targeting to exploit RA to its full potential of possibly near 8 million tons? And after this it seems that RA would be capped and the remaining expansion for the 2nd Phase would come from the other mines. Is it the correct understanding? Has it got the cost implication? Or what was the thought process behind pushing RA full throttle?

Arun Misra:

No, so all mines will be expanded, right? And first, the attraction always goes to RA because of the high grade. So, the first part is, get the easier part done. So, get the RA expanded along with its mill and put a smelter in Debari so that one line gets completed.

Now, the question is, next line, that should come in Dariba. Automatically, SK Mine has to be expanded. We will have to do lead also balancing because we can't only expand zinc. So, next announcement you will find we will be addressing zinc, we will be addressing lead, we will be addressing milling, we will be addressing expansion of SK, we will be addressing expansion of Zawar. And all mines will be expanded. It's just the announcement of phasing. First phase of announcement is this. And the 2nd Phase of announcement, maybe within 30 to 45 days, will be what will be the balancing part of the 2-million-ton project.

**Amit Dixit:** 

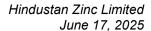
The second question is essentially extending Vikash' question a bit here. You mentioned that the total CAPEX on the smelter would be \$2,500 per ton compared to \$3,500. Now we are going for EPC contracting here, as I see from the presentation, which by far is possibly the most expensive kind of format that we can have. So, I just wanted to understand the key drivers behind this lower CAPEX compared to the global peers because I am sure as Hindustan Zinc, you won't be compromising on quality or any such thing.

Arun Misra:

No, we are not compromising on quality and EPC may look to be costly, but if you look at the timeliness of completion, the ease of working and in our experience the one-stop accountability of project delivery, then overall cost comes to be cheaper. So, that is number one.

Number two, you should also look at the expansion for the mine is not the same as what we were spending during movement from open pit to underground. So, we are not creating those wholesale surface infrastructures for starting an underground mine. Almost two-third of these expenses would in any case have to be incurred for continuing current mining operations. Only we would have done that maybe after three to four years. We are starting with that expenditure now.

So, in my opinion, we should look at two-third of the mining expenses had to happen in any case. We are just preponing to help this expansion. Otherwise, all the expenses we are making are in new mills, new milling capacity and new smelting capacity and little bit of balancing infrastructure like ventilation, like tailing disposal systems, etc. in the mines.





**Amit Dixit:** 

So, going ahead for the 2nd Phase of expansion, that means the mining CAPEX would be relatively lower. Is it the correct understanding because you are advancing some of the expenditure?

Arun Misra:

No, there is a new mine that has to be opened. So, that's why the design work we are still figuring out because, say, Zawar mine is a distributed mine amongst eight different mining blocks. So, we have to create facilities there. That may have some expenditure. Whereas SK Mine is fully matured mine. So, there may not be any surface infrastructure, but it will be mostly in the underground infrastructure that you have to create. So, we will come back with a number when we can. Only I am asking you to notice, to take note of the fact, that whether it is Zawar Mine or SK Mine, the money that we spend, we would be spending in any case to continue the production for next 10 years or 15 years. It's just preponing that expenses now to help us get the material in today's value, rather than getting the same material after 10 years.

**Amit Dixit:** 

Wonderful, sir. And all the best and congratulations for the much awaited expansion plan.

Arun Misra:

Thank you.

**Moderator:** 

We will take our next question from the line of Amit Lahoti from Emkay. Amit, can you please turn on your microphone and go ahead with your question, please?

Amit Lahoti:

Hi, thanks for the opportunity. So, if we see the zinc market in the last one year, there was some amount of supply tightness, which is now normalized. And the market is now back in surplus. And second, there is indication that China could cut down on steel capacity at some point, which would actually widen the zinc market surplus. So, from that market point of view, it seems that our expansion feeds into a market that is already oversupplied. So, my question is how do you see the market balance from here, let's say, a view for the next one year and then maybe a view for next three years? That would be really helpful.

Arun Misra:

Surely, look at India's growth story. This is why I think we have presented in the initial part of the presentation, it is India's growth story, which is most important to us. Second, Government of India's announcement of 300-million-ton target of steel production in India. Also, the announcements made by some of the big industrial steel makers in India regarding the world's largest steel plant coming up in western part of India and all that.

If you look at that, yes, the steel market is bound to grow. And of course, India's per capita consumption of steel is nowhere close to per capita consumption in developed countries. So, there is no doubt that steel products, steel requirement in India is bound to grow. Manufacturing is to grow. And if that be so, then we have to produce more Zinc.

So, we are very confident of the domestic market. And also, our cost position allows us to ensure that nobody else in the world can compete with us in any geography that we sell. So, absolutely,



market is not a constraint for us. It is only the production that we need to double and we feel we can do that very easily.

Amit Lahoti:

Okay, but when I look at your slides, like you have highlighted 300 million tons of steel capacity in India by 2030, but it seems now it is a very ambitious target. So, realistically, you must have made some kind of adjustment to those capacities. So, accordingly, do you think that adding 2 million tons of capacity, basically going from one to two, will have that much of demand to take it up?

Arun Misra:

All big businesses have proven time and again that they start with a very big bold vision, right? So, whether it was the first Reliance plant coming up in Jamnagar, that also the same question. I keep hearing these questions in industry circles, whether the manufacturing vision is supported by market. We have always seen that the customer demand, the market grows exponentially higher than the manufacturing capacity that grows. And always we should remember that our cost position allows us to ensure that we can play into any market at any LME that is there.

Sandeep Modi:

Just to correct that, the 2 million ton is not the whole of zinc. The zinc within that is 1.6 million ton.

**Moderator:** 

Our next question is from Shivani from Dolat Capital. Shivani, please unmute your microphone and go ahead with your question, please. Since there is no response, we will move on to our next question. Next question is from the line of Pallav Agarwal from Antique Stock Broking. Please go ahead.

Pallav Agarwal:

Good evening, sir, and congratulations. So, just one clarification. So, we already were putting up a roaster at Debari. So, the output from that will feed into this new smelter. Is that correct?

Arun Misra:

Yes, not the entire output. That roaster had some extra capacity. After putting up that roaster, that will get into this. Plus also, we have done the Calcine balancing in a way that we will add one more roaster as Debari and with that this entire current capacity plus this additional 0.25 million tons will be served by Calcine. So, whole capacities are balanced as of now.

Pallav Agarwal:

Also, you were mentioning that the IRR would be higher than the cost of debt. So, broadly, can you assume that there will be a 4 to 5 years payback if I assume current levels of profitability for 250KT. So, 4-to-5-year payback on this project would be a fair assumption?

Sandeep Modi:

Post construction, you can assume that number.

Pallav Agarwal:

Yes, once it is at full capacity.

Sandeep Modi:

Yes, post construction and full ramp up, you can assume that number.



Pallav Agarwal:

Also then, how would the power requirements for this be met? Because we were targeting about 70% of RE (renewable energy). So, would we be going in for more RE tie-ups to maintain the share of renewable energy in the mix?

Arun Misra:

So, current RE tie-up remains and we will surely look for better alternative whenever the further expansion, this capacity comes up. But if so, remember, we have got our own 500 Megawatt captive power plant intact with another 530 Megawatt or so renewable power coming in. And we are committed to reducing emissions, so we will do more tie-up with renewable power as and when we feel it right. Otherwise, on the power side, we have as of now no concern, apart from creating the infrastructure for the power landing there and being able to consume.

Pallav Agarwal:

Lastly, if this is a more modern or a technologically better smelter, can a cost come down below \$1,000 per ton, excluding royalty once these ramps up?

Arun Misra:

Of course.

Sandeep Modi:

So, cost can come down. The only thing there from the mining, so, I would say two parts. The mining cost, so, like smelting cost, as we have already said in the power plant, we have done the de-risking with the 25 years PDA. So, power cost is by and large firmed up. However, when you go deeper into the mines, that cost gets increased with you have grade variations in the higher infrastructure requirement, chiller operation, ventilation, many things are there. So, that cost is actually getting offset with the lower power cost and the smelting cost.

Pallav Agarwal:

But I mean, the other corporate overheads, etc., with the increased volumes, so that should at least help the operating leverage part.

Sandeep Modi:

At this point in time let us keep a \$1,000 cost. Of course, we will keep continuing to work and to give the positive surprise to the market. And we have been giving the last year you have seen the lower end of the cost and this year you should see the similar trajectory.

Pallav Agarwal:

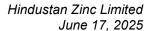
That's it from my side.

**Moderator:** 

We will take our next question from the line of Shweta Dikshit from Systematix Group. Please go ahead.

Shweta Dikshit:

Hi, good evening. Thank you for taking my question. Sir, a couple of questions from my side. So, firstly, following up on a question from the previous participant regarding the risk from China cutting down steel production and how it could globally impact the market. Even though we are confident of India volume demand to remain intact, but then because commodity prices are globally driven, right, then what are our thoughts on where the prices could be, and when we say Rs. 50,000 crores of pre-CAPEX cash flows, what is the Zinc and Lead price assumption that we are building in, arriving at this number?





**Arun Misra:** 

See, if I address the demand portion first, I have been in steel for about 20-25 years. I have been hearing China numbers going up and down 900 million ton to 700 million ton keeps fluctuating. So, let's not go too much in there. As far as India is concerned, India's demand for steel is bound to grow because our per capita consumption of steel is far lower than compared to developed countries.

Prime Minister's vision for developed economy by 20, fully developed status of this economy country's vision for net zero emissions, country's vision for continued expenditure in infrastructure, all that will result in more and more steel consumption. And that is 300 million tons of steel production ambition is there with Government of India. Private steel makers are announcing larger and larger capacity of steel plants, newer capacities getting commissioned. And we are very hopeful that we also need to grow to match with the growth in steel demand in India. And we are very, very confident that our domestic demand in India will remain intact. And nevertheless, whatever we have to export at our price, our cost is continually going down. We will continue to remain the lowest cost producer. So, we have no difficulty in getting a good profit margin even in the export market.

Sandeep Modi:

So, as far as the Zinc LME and Lead LME is concerned, we have taken the latest consensus for the future year. So, it considers around the Zinc LME \$2,650 for the year and then for the overall till 30 and then the CAGR of 2% and similarly Lead around \$2,000 and silver at 34. So, we have taken very, very conservative assumptions so that we have a good room to deliver better IRR compared to what we have been there.

Shweta Dikshit:

Sir, sorry, I missed. What is the CAGR that we are building in?

Sandeep Modi:

You have asked I think about the, what is the LME you have considered for the project purpose, correct, if I take your question right?

Shweta Dikshit:

Yes, sir. No, the CAGR you mentioned...

Sandeep Modi:

Yes. So, it's around \$2,650 for the Zinc and \$1,950 for the lead and \$34 for the silver. And this is naturally what are the consensus gives the market you get the 50 bankers participation. So, what are the inflation that has been adjusted from the nominal pricing point of view, that has been considered by year on year. The base prices are that 2,650, 1,950 and 34.

Shweta Dikshit:

And if I missed it earlier, what could be your annual CAPEX for the next three years? A ballpark number.

Sandeep Modi:

So, I think, at this point of time, this project has been approved. So, we have around fertilizer, the major CAPEX for which we gave a basis that a guidance was around \$250 million for the FY '26. And with this CAPEX, we should be around this year \$300 million more CAPEX over \$550 million kind of a CAPEX number for this year. And the remaining, so I will say for this



Rs. 12,000 crores, the split is around Rs. 3,000 crores to Rs. 3,500 crores this year, around Rs. 5,000 crores in FY '27 and remaining in FY '28.

Shweta Dikshit:

And sir, last question came across this EOI for the next expansion for around half a million ton of melted expansion. That is for the Andhra Pradesh region. So, what are the thoughts on going to the southern region for the next phase of expansion?

Arun Misra:

No, that's a separate project. Not part of Hindustan Zinc project as of now. We don't have Board approval to talk about it. It's a balance initiative. So, when I do the VEDL Board meeting and after that I update, I will be able to explain it to you.

**Moderator:** 

We will take our next question from the line of Jainam Shah from Indsec Securities and Finance. Please go ahead.

Jainam Shah:

Thank you, sir. Congratulations for this announcement. My question is about the silver production that we are going to be adding. In the presentation, we have said that we will be adding only 30 KTPA of capacity. However, our plan is to reach to 1,500. So, what would be the timeline going forward for the silver production and capacity?

Arun Misra:

Silver production mostly will come from further expansion of SK Mine as well as putting up the lead facility. Currently we are putting up this is only zinc facility. And in this facility whatever silver is there is along with the zinc. So, we will be taking it out through the fumer route. So, that is about 30 tons. Otherwise, most of it will come in the next phase of announcements where we will find large capacity of zinc smelting as well as lead smelting and automatically that will have another 600-700 tons of silver.

Jainam Shah:

So, my next question is basically with this and this recent plan of 250 KTPA and the roster at Debari that we are basically adding, how much would be the total capacity after all these projects are commissioned?

Sandeep Modi:

1,379 KT will be the total metal capacity and that's the total capacity I think has been written in the investor deck. So, we have currently 1129 kT, with this 250 will be 1379. And we will keep doing debottlenecking because this Hindustan Zinc has been known that it's not like if we just put the 250 kT, we are going to 250 kT. Within this, debottlenecking can happen and 1,379 can become 1.4 million also.

Jainam Shah:

And sir, the last question would be that we are looking at the silver prices reaching a record high and we have decided that pyro plant will basically be run only on zinc mode, sorry, zinc plus lead mode. So, any plans of changing that with silver prices reaching a record high? Any plans for that for this year?

Arun Misra:

No, we will continuously evaluate depending upon the asset health as well as market and as well as availability of grades in the mines. So, the moment we are ready with the design, I am sure



we will be able to announce it. You should hear it from us in the post July Board meeting if we implement that or if we decide to implement that.

Jainam Shah: And just last one question. Just one more question. How much would be a total, I missed that

number. How much would be our cash flow generation from this peak capacity that we will be

adding total?

Sandeep Modi: So, overall 2 million ton capacity if you talked, it will be around Rs. 62,000 crores of revenue

which will be generated at a peak capacity and Rs. 42,000 crores of the EBITDA.

Jainam Shah: And cash flow?

Sandeep Modi: Normally our EBITDA to free, sorry, Rs. 62,000 crores to Rs. 65,000 crores revenue, 11th slide

if you refer, it talks about. And the free cash flow has been normally our 60% of the EBITDA. So, if you talk about that our free ratio should be Rs. 20,000 to 22,000 crores of free cash flow, pre-growth CAPEX, annually we should be able to generate at a peak capacity full ramp-up.

Jainam Shah: Thank you so much for answering.

Moderator: We will take our next question from the line of Ashish Kejriwal from Nuvama Institutional

Equities. Please go ahead.

Ashish Kejriwal: Hi, thanks for the opportunity. Good afternoon everyone. Sir, quickly, just to get the numbers

right, you said for smelter we are investing around Rs. 6,200 crores or Rs. 5,200 crores you said

out of this Rs. 12,000 crores?

Arun Misra: Rs. 6,200 crores including the fumer.

**Ashish Kejriwal:** Including fumer. So, fumer, do you mean it should be around Rs. 900-1,000 crores.

**Sandeep Modi:** You can take 1,000 to 1,200 crores kind of number.

**Ashish Kejriwal:** Okay, but this 1,000 crores fumer, that is giving just an additional 30 tons of silver, or will it

help in generating more zinc also in that?

Sandeep Modi: So, Fumer normally gives Zinc, lead, silver, everything. But that is not up to that from the

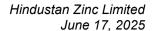
revenue point of view. So, whatever the revenue point and the headline number is there for the silver because that's the market track, so that's what we have given here. Other than this,

whatever comes, we have built up in the 250 kT at this point of time.

Ashish Kejriwal: So, this Rs. 250 crores, which is more or less Rs. 6,200 crores of CAPEX, which because now

you are talking about \$2,500 per ton, which comes to be around 5,400. That's the reason I asked.

Okay, that's great.





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Sandeep Modi: So, that's why I know, I got your question, because you must be thinking why the numbers are

looking 6,200.

**Ashish Kejriwal:** Yes. The second question is, you talked about within 35-40 days, we can go for our next phase

of announcement also. My question is, we could have clubbed all the things at one go and could have announced, but anyway, 35-45 days, I don't know why we have taken additionally. My question is, how you are going to phase this CAPEX, even if we do for the 2nd Phase? Because Rs. 12,000 crores you have pointed out rightly for 3 years. But when we are going for Rs. 32,000-

35,000 crores, how we are going to phase out the CAPEX?

Sandeep Modi: I think that has been already said in one of the other questions in my opening remarks as well,

that this project CAPEX will be in phases only because you cannot have this kind of 2x growth without having the proper feasibility in other reports. But at the same time, I don't want to spend,

waste anyone a day for not by delaying this project. So, that's why we have decided.

And secondly, the phasing out will always be there. Even in the 3 years project, we have said last 10% payment goes in the 4th year after the PG commission, anything. The first project, 25% to 30% happens. So, it will keep happening in those phases. So, it will be having around three to five years by putting. So, as I said, the peak capacity will come by 2031. That means from the 5 years kind of thing, 80% project cost should go and the remaining 20% should go in the 2031

kind of numbers.

Ashish Kejriwal: So, what could be the peak CAPEX and in which year?

Sandeep Modi: It will be like every year is spread. So, maybe in FY '26 you will not see anything. But maybe

FY '28 and FY '29 and FY '30. These would be three years in which you will see the spreading

of the CAPEX once the 2x completion is being approved.

**Ashish Kejriwal:** Because sir, why I am asking is whether we know we are very much confident of the both phase

of expansion at one go or not, because earlier we have seen such kind of announcements, but no,

obviously we have seen lots of delays in that.

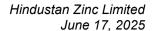
Sandeep Modi: No, no, I think maybe Arun sir can add to that. We have to believe into that you have to.

Ashish Kejriwal: That's great. Lastly sir, if I am looking at the ROEs of the project, that is Rs. 12,000 crores we

are spending and even if we do a rough math of \$1,500 per ton, ROE comes to be around 15% to 16% for this particular project. And if I am looking at the current ROEs of the company which is upward of 50%-60%, so even if you are saying that now from benchmark our CAPEX is very low, doesn't it seem to be ROE dilutive from the current phase, current structure where we are

having? Is this mainly because of the mines where we have to spend a lot because of which

ROEs are relatively lower than what we are generating right now?





Sandeep Modi:

I track the project more from what I have been investing, what have been my project IRR, what has been my payback and how it having my cost structure helping because of the significant volume increase, my costs should further go down. That is the way we keep on tracking the projects. And as I said, the project IRRs are higher. To improve the equity IRR, we will not be well averse to take part of the debt funding. So, according to the debt funding, we will decide the overall whatever you are talking on the return on equity. So, wait for some time, maybe some three months or so, how do we define our financial strategy overall in the interest of the shareholders so that we improve the overall equity IRR. Then you can comment upon the overall return on equity.

Ashish Kejriwal:

That's helpful and all the best for the future projects.

Raksha Jain:

Operator, just let me take one or two questions from the chat box because there are too many questions there.

**Moderator:** 

Over to you.

Raksha Jain:

Thanks. So, it's Shivani Tanna from Dolat Capital. She has typed two questions in the chat box. First is the, along with 250 KTPA expansion, are we also planning to increase the VAP capacity? And second is, how much will be the power requirement be and what are the plans to cater the same?

Arun Misra:

So, as of now, we are looking at SHG, but when we put up the maintenance casting unit, we are surely looking at if we can pack in some amount of value-added product making along with it. That's not a large investment. That's the delta over the current investment or within the same investment, doing little value engineering, here and there we can manage that. So, we will do that. So, absolutely your question on VAP is valid, but we will look at that. We are not making it a VAP specific investment. It is for producing SHG. And we will see out of that how much can be converted to VAP. That is number one.

Number two is a power requirement as I have already explained that we have signed up of enough of our renewable power. We also have our own captive powerhouses in hand. And if our renewable power agency is able to generate and is ready to invest more, we will surely look at investing more and more in renewable power and tying up for expanded capacity as well. Ultimately, our goal for net zero emission remains the same and we are not moving away from that.

Raksha Jain:

Second is from Naman from Venture Securities. He is saying that good afternoon and thank you for the opportunity. My first question is, given this expansion, how should we think about the trajectory for lead and silver production volumes in the coming year? And secondly, post expansion, how should we view your market share in the domestic Zinc market, which is currently at 77%?



Arun Misra:

So, current market share will remain. As the market grows, we will continue to hold on to 75% to 80% of the market share. Our market share should not fall. That's the whole game of expansion in line with the expansion of Indian market.

Second is our proportion of lead versus zinc. It will remain the same depending upon the MIC that we produce since we are expanding all mines. So, my preliminary take is we will have similar ratio of zinc is to lead. And we will, in the next phase of announcement, we will come up with the additional capacity of lead plants and all that. So, we will have almost same ratio of zinc is to lead. That is not changing much.

Raksha Jain:

Sir, another is from Kartikey Kumar Pandey. He is from B&K Securities. When will the Phase 2 expansion come into effect? As in the timeline, will it be post FY '31?

Arun Misra:

No, 250 KTPA will be done in 36 months and we should be able to expand our mines in between, put up the mills in between. And if we can make a further announcement in about 1.5 months time, then you are looking at placement of order with a time gap of maybe 1, 2 months or maybe 3 months at the most between these 250 KTPA and the rest set of orders. So, in that case between 3 years to 3.5 years almost all capacities come in.

Raksha Jain:

Sir, there are too many questions, but I guess this time is already over. So, in the interest of the time, we are just putting a full stop here for today's call. And thank you everyone for joining us today on this call. If there are any further follow-up questions or any clarifications required, you can reach out to the Investor Relations team. Thank you.

Arun Misra:

Thank you.

**Moderator:** 

Thank you. On behalf of Hindustan Zinc Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.