

Hindustan Zinc Limited

Results for the First Quarter Ended June 30, 2022

“Highest-ever first quarter Mined Metal, Refined Metal & Silver Production; PAT at INR 3,092 Crore, up 56% y-o-y”

Highlights for the Quarter

- Mined metal production: 252 kt
- Refined metal production: 260 kt
- Saleable silver production: 177 MT
- Zinc COP: US\$ 1,264 per MT

Udaipur, July 21, 2022: Hindustan Zinc Limited, the leading global integrated producer of zinc, lead and silver, reported its results for the first quarter ended June 30, 2022.

Commenting on the performance, **Mr Arun Misra, CEO**, said: *“Hindustan Zinc delivered best first-quarter production for mined metal, refined metal & silver. With the exit run-rate for both mined & refined metal crossing over one million tonnes, we are fully geared to deliver another stellar performance this year. Board approval received for setting-up of the Fertilizer plant & an additional Roaster is also a welcome move. With such synergetic growth projects along the value chain, we are confident to deliver long-lasting sustainable value for all stakeholders.”*

Mr Sandeep Modi, Deputy & Interim CFO, said: *“Hindustan Zinc touched a new milestone with highest ever quarterly Revenue, EBITDA and Net Profit. Our proactive approach to cash in the opportunity from higher LME through strategic hedging helped us to protect overall margin in an input commodity inflationary environment. As a management team, we continue to monitor the coal cost situation closely & all efforts are in place to ensure security over the short term and reduce dependence on Thermal in the medium to long term through right investments in renewable projects.”*

Financial Summary Standalone

INR. Crore or as stated

Particulars	Q1			Q4	
	2023	2022	Change	2022	Change
Sales¹					
Zinc	6,865	4,291	60%	6,414	7%
Lead	988	826	20%	940	5%
Silver	1,109	1,106	-	1,036	7%
Others	425	308	38%	407	4%
Total	9,387	6,531	44%	8,797	7%
EBITDA	5,279	3,558	48%	5,007	5%
Profit After Taxes	3,093	1,983	56%	2,929	6%
Earnings per Share	7.32	4.69	56%	6.93	6%
(INR, not annualised)					
Mined Metal Production ('000 MT)	252	221	14%	295	-15%
Refined Metal Production ('000 MT)					
Total Refined Metal					
Zinc	206	188	10%	211	-2%
Saleable Lead	54	48	11%	49	9%
Zinc & Lead	260	236	10%	260	-
Saleable Silver ² (in MT)	177	161	10%	162	9%
Wind Power (in million units)	150	134	12%	66	127%
Refined Metal Sales (kt)					
Zinc (kt)	206	187	10%	214	-3%
Lead (kt)	54	49	10%	49	9%
Silver (MT)	177	160	11%	162	10%
Zinc CoP without Royalty (INR/MT)	97,423	78,952	23%	85,378	14%
Zinc CoP without Royalty (\$/MT)	1,264	1,070	18%	1,136	11%
Zinc LME (\$/MT)	3,915	2,916	34%	3,754	4%
Lead LME (\$/MT)	2,199	2,128	3%	2,335	-6%
Silver LBMA (\$/oz.)	22.6	26.7	-15%	24.0	-6%
USD-INR (average)	77.06	73.76	4%	75.17	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	Q1			Q4	
	2023	2022	Change	2022	Change
Sales¹					
Zinc	6,865	4,291	60%	6,414	7%
Lead	988	826	20%	940	5%
Silver	1,109	1,106	-	1,036	7%
Others	425	308	38%	407	4%
Total	9,387	6,531	44%	8,797	7%
EBITDA	5,278	3,558	48%	5,007	5%
Profit After Taxes	3,092	1,983	56%	2,928	6%
Earnings per Share	7.32	4.69	56%	6.93	6%
(INR, not annualised)					
Mined Metal Production ('000 MT)	252	221	14%	295	-15%
Refined Metal Production ('000 MT)					
Total Refined Metal					
Zinc	206	188	10%	211	-2%
Saleable Lead	54	48	11%	49	9%
Zinc & Lead	260	236	10%	260	-
Saleable Silver ² (in MT)	177	161	10%	162	9%
Wind Power (in million units)	150	134	12%	66	127%
Refined Metal Sales (kt)					
Zinc (kt)	206	187	10%	214	-3%
Lead (kt)	54	49	10%	49	9%
Silver (MT)	177	160	11%	162	10%
Zinc CoP without Royalty (INR/MT)	97,423	78,952	23%	85,378	14%
Zinc CoP without Royalty (\$/MT)	1,264	1,070	18%	1,136	11%
Zinc LME (\$/MT)	3,915	2,916	34%	3,754	4%
Lead LME (\$/MT)	2,199	2,128	3%	2,335	-6%
Silver LBMA (\$/oz.)	22.6	26.7	-15%	24.0	-6%
USD-INR (average)	77.06	73.76	4%	75.17	3%

(1) Including other operating income

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

Operational Performance

Mined metal production for the quarter was at 252 kt, up 13.8% y-o-y on account of higher ore production at Kayad, Sindesar Khurd, Rampura Agucha mines. Sequentially, mined metal production saw a dip of 14.7% owing to lower ore production at our mines and overall metal grades.

Integrated metal production for the quarter was 260 kt, up 9.9% y-o-y, while remaining almost flat sequentially. Quarterly integrated metal production was bolstered by better plant & mined metal availability and was further supported by improved operating parameters. Integrated zinc production was 206 kt, up 9.7% y-o-y and sequentially was 2.4% lower. Integrated lead production for the quarter was up 10.8% y-o-y and 9.2% sequentially to 54 kt on account of the Pyro plant being operated in the Lead-mode for a part of the quarter and better plant availability.

Integrated silver production for the quarter was 177 MT, up 10.2% y-o-y and 9.4% sequentially in line with lead metal production.

Financial Performance

Revenue from operations during the quarter was INR 9,387 Crore, an increase of 43.7% y-o-y, led by higher zinc volumes & zinc LME prices as well as favourable exchange rates while partly offset by lower silver prices. Zinc LME prices and zinc metal sales increased 34.2% and 10.2% respectively as compared to Q1 FY22.

Sequentially revenue increased 6.7%, primarily due to higher zinc LME, gain from strategic hedging and higher lead & silver volumes which was partially offset by lower zinc volumes and lower lead & silver prices. Sequentially lead and silver sales volumes increased by 8.6% & 9.5% respectively.

Zinc cost of production before royalty (COP) was US\$ 1,264 (INR 97,423) per MT for the quarter, higher by 18.1% (23.4%) y-o-y and by 11.3% (14.1%) sequentially. The COP was affected largely on account of higher coal prices, input commodity inflation, lower domestic coal (linkage) availability partially offset by higher volume, better Sulphuric Acid realizations & improved recoveries.

EBITDA for the quarter was INR 5,278 Crore, up 48.3% y-o-y, primarily due to higher zinc LME & volumes. Sequentially EBITDA was up 5.4% on account of higher zinc LME prices and lead & silver volumes partly offset by higher cost.

Net profit for the quarter was at INR 3,092 Crore, up 55.9% y-o-y and 5.6% sequentially on account of higher LME prices while being partially offset by the rising input commodity prices.

As part of strategic hedging, Company has sold forward total 21% (incl. sold in Q4 FY22) of expected zinc production for FY23.

Key Strategic Update

- Board has approved the formation of the wholly owned subsidiary company (WOS) for setting up of the 5.0 ltpa Fertilizer plant.
- Board has also approved the setting up of a new roaster plant with a capacity of 160 ktpa.

Projects Update

- For Hindustan Zinc Alloys Private Limited (HZAPL) all orders have been placed and civil job has started at the site. We expect the commissioning to be completed by Q4 FY23.
- Rajpura Dariba Mill revamping for 1.1 million tonnes per annum is underway. Civil construction is in advanced stage, order for all major supplies have been placed and commissioning is expected to complete by Q3 FY23.
- For the Fumer commissioning, NFC team arrived at site and cold commissioning of the equipment has started. Visa process for few of the OEM & NFC experts is in advanced stage.

ESG Update

- GreenCo Rating: DSC and DZS announced with gold and silver rating respectively on the 5th Edition of The 7Rs Conference.
- India's 1st Battery Electric Vehicle (BEV) in UG Mine introduced at Zawar mine.
- Hindustan Zinc's risk management system is certified as per ISO 31000:2018.
- Hindustan Zinc's CEO is appointed as the Chairman of Governing Council of Sustainable Mining initiative of Federation of Indian Mineral Industries (FIMI).
- Nearly 100 suppliers participated for the 'CEO connect with Business Partners on Sustainability Agenda'.

Liquidity and Investment

As on June 30, 2022, the Company's gross investments and cash & cash equivalents were INR 24,254 Crore as compared to INR 20,789 Crore at end of March'22.

The Company's net investments as at end of June 30, 2022, was INR 21,439 Crore as compared to INR 17,966 Crore at end of March'22.

Outlook for FY23

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

Zinc cost of production in FY23 is expected to be in between US\$ 1,125-1,175 per MT. The project capex for the year is expected to be in the range of US\$ 125-150 million.

Earnings Call on Thursday, July 21, 2022 at 16:00 hours (IST)

The Company will hold an earnings conference call on Thursday, July 21, 2022 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 71945757, +91 22 66635757

July 21 - July 28, 2022 Playback Code: 43292

For further information, please contact:**Shweta Arora**

Head - Investor Relations

shweta.arora@vedanta.co.in

+91 9538453097

Maitreyee Sankhla

Interim Head – Corporate Communications

maitreyee.sankhla@vedanta.co.in

+91 7742161333

Siddharth George

Associate Manager - Investor Relations

hzi.ir@vedanta.co.in

About Hindustan Zinc

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

Being a people-first company, Hindustan Zinc believes in inculcating the values of Trust and Excellence to have a culture of high-performance in its workforce. The company takes pride in having some of the best-in-class people practices and employee-centric initiatives, which have certified Hindustan Zinc as - 'Great Place to Work 2021', 'Company with Great Managers 2020' by People Business and the PeopleFirst HR Excellence Award.

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

Learn more about Hindustan Zinc on - <https://www.hzindia.com/home/> and follow us on [LinkedIn](#), [Twitter](#), [Facebook](#), and [Instagram](#) for more updates.

Disclaimer

This press release contains "forward-looking statements" – that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "should" or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.