“Hindustan Zinc Limited’s Q3 FY’19 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Hindustan Zinc Limited Q3 FY'19 Earnings Conference 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. I now hand the conference over to Ms. Preeti Dubey – Head of Investor Relations. Thank you and over to you, ma'am.

Preeti Dubey: Good evening, everyone and thank you for joining us for Hindustan Zinc Third Quarter Fiscal 2019 Results Call. For our call today, we have with us Mr. Sunil Duggal – CEO and Mr. Amitabh Gupta -- CFO. Mr. Duggal will present an update on business performance, while Mr. Gupta will present financial performance, after which we will be happy to take your questions. Over to you, Mr. Duggal.

Sunil Duggal: Thank you, Preeti and a warm welcome to all of you. I am delighted by all round improvement in performance of our underground mines. Rampura Agucha has accelerated its run rate from 2 mt a year ago to 3.5 mt per annum now. Sindesar Khurd has been consistently delivering over 5 mt run rate with improving silver production. We have achieved record decline development in SK which will help in opening new blocks to deliver high level of production going forward. With substantial improvement in infrastructure, Zawar is now delivering at a run rate of 3.5 mt. At RD mine, we are upgrading the existing shaft and carrying out major infrastructure enhancements. Ore production run rate is already at 1.2 mt. We have conducted public hearing at Rajpura Dariba for expanding mine and mill capacity to 2 and 2.5 mt respectively. Going forward, with the schedule commissioning of shafts, mills, paste fill plants, smelter debottlenecking and fumer you can expect higher overall metal and silver production. Our current performance and ongoing project ramp up gives us confidence to reach design MIC production capacity of 1.2 mt in FY'2020.

Now, I will give you the update on the Zinc market. Fundamental of zinc market continue to be robust. Exchange stocks as you know are at four days of global consumption which is the lowest since 2007. Consumption has increased by 1.5 mt in the last six years to over 14 mt now and expected to accelerate going forward. In China, steel production increased despite the ongoing US China trade standoff supporting global zinc consumption. On the mine side, supply is stagnant at about 13 mt since 2012. Market has witnessed history of new projects being commissioned much lower than anticipated. We firmly believe that zinc metal has very strong fundamentals and I really wonder why zinc prices should not bounce back to early 2018 levels.

Now, I will give you the update on our operating performance. MIC production of 247 kt during Q3 was marked by higher ore production and improvement in ore grades. Sequentially, MIC was up 6% primarily due to ramp up of RA, RD, Zawar mine. MIC was up 3% from a year ago, driven by 38% increase in underground ore production which more than offset closure of open cast operations. Year-to-date MIC from underground mine was 691 kt on account of higher ore production and grades. Even as the closure of open cast operations causedYTD total MIC production to remain flat. Integrated metal production was 242 kt, up 14% sequentially and down marginally from a year ago. Integrated zinc metal was 188 kt, up 16% sequentially on account of higher mine output and improved MIC availability while it was down 6% YoY due to higher lead ratio in ore. Integrated lead production jumped 10% sequentially and 18% YoY to a record of 54 kt on account of higher mine output as well as retrofitting of pyrometallurgical smelter to produce more lead metal considering better availability of lead MIC. Integrated silver production was also a record 178 tonnes, up 3% sequentially and 34% YoY on account of higher lead production and better silver grades.

Integrated metal production for the year-to-date was 667 kt, down 5% YoY. Zinc production was 522 kt , lower by 11% YoY due to higher lead ratio in ore. Integrated lead and silver production were at 145 kt and 488 tonnes, higher by 23% and 26% YoY respectively driven by higher lead MIC and better silver grade. Going into the final quarters of the year, we are confident of delivering our guidance of slightly higher MIC than last year. Metal production will keep pace with MIC production though it may be lower than last year. Silver production will be in the range of 650-700 tons as guided earlier.

Now, I will update on the progress of our expansion project during the quarter. Rampura Agucha underground mine achieved a record total development of 6.9 Kms during the quarter. The shaft is presently being used to hoist waste through mid shaft loading system that we commissioned last quarter, as you know, which helped us in increasing production from the mine. The full shaft commissioning will happen in Q2 FY'2020 and will be synchronized with the completion of crusher and conveyor system underground. Ramp up of the mine will be as planned as we will continue to produce from decline and mid shaft loading system. Sindesar Khurd mine achieved highest ever total mine development at 5.9 Kms during the quarter. The new 1.5 mtpa mill was successfully commissioned and produced its first concentrate during the quarter. The production shaft work is reaching completion now and shaft commissioning is expected in the current quarter which is Q4 FY'19.

At Zawar, achieved total mine development of 7.1 Kms which is 9% higher from a year ago. Completion of the new 2 mtpa mill is on track and expected to commission in the current quarter. At Rajpura Dariba mine, total mine development jumped by 42% to 1.85 Kms. During the quarter, we placed order for a new 1.5 mtpa capacity mill with projected commissioning in 14-months. The Fumer project at Chanderia is expected to complete in the current quarter. As part of our sustainability initiative, we added 22 MW solar power over waste dumps in Rampura Agucha which takes our total solar capacity to 38 MW and total renewable capacity to about 350 MW. This is in direction also to meet our obligation.

We have also commissioned 25 mld Sewage Treatment Project in Udaipur in taking the total capacity to 45 mld which will treat over half of the Udaipur city sewage and help improve water availability at Dariba.

Before I hand over the call to Mr. Amitabh Gupta to take you through the financials in detail, I would like to make a couple of announcements. Amitabh has been playing a key strategic role as CFO, will now take on an enhanced strategic role within HZL. We have inducted senior leaders into the company; Kavita Singh joins us from Maersk Southeast Asia as Chief People

Officer; Arun Vijay from Reliance Jamnagar as Director Projects and Swayam Saurabh from Phillips Singapore as Head of Finance and Acting CFO. Swayam is a qualified Chartered Accountant with over 18-years of rich experience with organizations such as L&T, Asian Paints and Phillips. His last stint was with Phillips in Singapore where he was heading finance for B2C business for Asia Pacific region. He has joined us on call today. Swayam, would you like to say a few words on this occasion?

Swayam Saurabh: Thank you Mr. Duggal for your kind introduction and good evening all of you. I am thrilled to be part of Hindustan Zinc and Vedanta Group. We have a great team at Hindustan Zinc and I am excited to build upon the team as we continue our growth journey with very strong focus on governance. I will continue to work on our initiatives around cost optimization and accelerate our efforts on digitization. I would look forward to interacting with all of you in future. Thank you.

Now, I will request Mr. Gupta to present Financial Performance.

Amitabh Gupta: Thank you, Swayam and good afternoon to all. Revenue from operations during the quarter was Rs.5540 crores, an increase of 16% sequentially primarily due to higher metal volume, rupee depreciation, higher zinc price and domestic premiums and partly offset by lower lead prices. Q3 revenue was down 6% from a year ago on account of lower metal prices, partly offset by rupee depreciation. For the year-to-date, revenues were unchanged as higher lead and silver volume and rupee depreciation were offset by lower metal prices and lower zinc volume. Zinc cost of production before royalty during the quarter was $997, improving from $1034 in the previous quarter, primarily due to higher metal volume, operational efficiency and lower diesel cost, partly offset by higher mine development expenses. CoP also improved from a year ago by 3% from $1,022 to $997, primarily due to higher acid credits. For the year-to-date period, CoP increased by 3% to $1025 primarily on account of higher mine development, steep increase in commodity prices especially coal and diesel and long-term wage settlement with our labor union partly offset by higher acidt credits. CoP in rupees was further hurt by rupee depreciation. Against our linkage entitlement of over 40%, we continue to get in single digit only about 3% during the current quarter due to lower allocation to CPP and due to evacuation issues. Due to higher revenue and lower CoP, EBITDA for the quarter improved by 23% sequentially to Rs.2850 crores. The above revenue and CoP resulted in lower EBITDA in Q3 and YTD compared to a year ago by 9% and 13% respectively. Net profit for the quarter was Rs.2211 crores, up 22% sequentially and down 4% YoY and YTD net profit was down by 12% YoY to Rs.5944 crores. Net profit for both the quarter and the year-to-date were helped by higher treasury income on account of mark-to-market gain resulting from a decline in general interest rates. Depreciation and amortization on the other hand has trended up due to higher capitalization and increased underground ore production resulting in higher amortization. Our gross investments were at Rs.17,462 crores at the end of the quarter while net investments were Rs.12,528 crores due to temporary borrowings to pay dividends in November.

On the outlook side, project CAPEX is expected to be about $350 million, lower than what we guided earlier. In accordance with the guidance given last quarter, we expect CoP to reduce in the second half of the year in the range of 950 to 975. This is on the back of increasing volumes and shaft commissioning and lower coal prices. This implies further reduction of CoP in Q4.

I will now request Mr. Duggal to sum up today's discussion.

Sunil Duggal: So, thank you, Amitabh and now to sum up, we are delighted to see our total MIC increase during the quarter as compared to a year ago despite not having any production from open cast. In fact, even for nine months, we have been able to overcome the vacuum caused by plant closure of open cast operations. Outlook for zinc continues to remain robust on the back of low inventory levels and continued refined metal deficit. We expect further improvement in volume and CoP in Q4 on the back of continued ramp up of mines. We are also on track to reach design MIC capacity of 1.2 mtpa next year as we continue to explore new areas within our brownfield areas where we get the extension of our ore bodies across our mines and at depth with the metal grades.

Now, with this I open the floor for questions.

Moderator: Sure, thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sumangal Nevatia from Macquarie. Please go ahead.

Sumangal Nevatia: My first question is with respect to various projects. Now the commentary suggests that there are delays in three or four areas, SK shaft commissioning is delayed to fourth quarter, RA shaft is delayed to 2Q FY'20 from 4Q '19 earlier and also the Fumer project at Kanderia is delayed by a quarter. Is it possible to share some details as to what are the issues and the reason behind the delay?

Sunil Duggal: I would go mine-by-mine and would let you know what is the status of the project. So, while we have said that there has been improvement in the mine development in the various mines. So, you can see that lot of projects also we have delivered in time like you see the SK mill commissioning happened, it was a dream project commissioning in Q3 where the stabilization of the mill took place and the kind of grade and the recoveries we got from the mill, it was a benchmark I would say. Then the another project in Zawar, the mill commissioning is taking place where we have ore inventories and which will get treated as the mill will start. There is hardly any delay I would say in SK mine shaft because you see we have already commissioned both the crushers. We have commissioned the shaft as such. The waste is being hauled from the shaft. There is one ore pass which has to connect the various levels of dropping the ore, from a higher level to the lower level which is getting completed but the effective utilization of the shaft is taking place at SK and I would say practically there is no delay as such and ore hauling will also take place in this quarter in about a month's time or so. This is the last thing we are doing at SK. As far as the shaft commissioning at Agucha is concerned, because of the ore body structure and all that, so there were certain development issues which we have been talking in the previous quarter. We also said that we will be commissioning the mid shaft. So we commissioned the mid shaft about two quarters back and we started hauling through that shaft. So effective utilization of the shaft also has taken place. And there were some financial issues of Shaft Sinker, the party from South Africa. Because of that there were certain issues. Now, we have resolved the issue and now the development at the bottom is on track. But I would not say the effective utilization of the shaft has not taken place. Of course the ore hauling will take place after the shaft will get commissioned. As far as the Fumer project is concerned, the Fumer project was to get commissioned last quarter. There are some slippages which have happened. One fatality had taken place,you may remember about a couple of quarters back and we are very-very conscious about whenever this kind of incident happens and there were certain slowdown because of that but now we are on track to commission Fumer project also in the Q4 which will deliver the additional silver and lead production in the next year. If you want some detail about the other project, I can give you how the projects in the other locations are running like RD mill and we are upgrading the shaft to increase the hauling capacity. We have stripped the asset to accommodate the higher size of the machines. So, all actions we are taking to debottleneck the mine to 2 mt.

Sumangal Nevatia: Sir, in terms of variable cost, only the commodity cost, what are the expected cost reduction in 4Q versus 3Q – diesel, is it entirely reflected in 3Q?

Amitabh Gupta: There is some impact of diesel in Q3, but I think the full impact will be felt in Q4.

Sunil Duggal: But there is a fuel impact also as the new parcels we book. I mean, the coal, they were at $95, $100. Also now current usage of the coal is at $85. As the stock is getting depleted and new parcels are getting booked, like we have booked the parcel at $75 for Q1 next year. So as the time is progressing, the cost of the fuel is coming down. Another good news is that this month there is a good flow of linkage coal, the landed cost which is also less than $75. So the fuel basket will also give us some advantage and then as we will progress further, the volume will give us advantage and the hauling cost will also give us some advantage. There are other some initiatives which we are taking like the copper matte which we used to sell, we are in the process of setting up ancillary unit where it will convert the copper matte into copper sulphate. We eventually will not be purchasing any copper sulphate from the market which is used in our concentrate plant for recovery.

Sumangal Nevatia: When we reach 1.2 mt mined metal production whichever FY'21, 22, what will be the mix of zinc and lead versus say FY'18 I recall it was around 17.5% zinc of the total mined metal production, so what would be that when we reach 1.2 mt?

Sunil Duggal: It is rising from 17, 18 as we are steadily progressing, it will go to 24%. As the lead will rise, the silver will also rise in proportion. Apart from that, as we have been telling some silver will also come from Fumer.

Sumangal Nevatia: So, all that put together 24, 25% is what we are looking at?

Sunil Duggal: That is right.

Amitabh Gupta: In a year or two.

Moderator: Thank you. The next question is from the line of Amit Dixit from Edelweiss. Please go ahead.

Amit Dixit: The first question is on cost of production. So while you have guided for H2 FY'19 to be between 950 to 975; however, in Q3, the cost of production was at $997. So, mathematically coming to 950 to 975 would require at least $50 to $75 reduction from the current level. On haulage cost, we do not see quite a bit of respite at least in Q4. So, what are the specific things that you are doing so that the guidance is met in H2?

Amitabh Gupta: So, your math is absolutely correct. We will probably have to go to 950 or even better and our confidence in attaining this number arises partly from what we know how the volumes are moving up, then we have the benefit of HSD, coal and now linkage has started to kick in, in a significant manner in the month of January as well. So these things will help. Then there are some other initiatives that we are taking like a huge drive on removal of getting rid of NPAs and scrap residues, etc., So, all these things stack up and we believe that we maybe lower to 950.

Sunil Duggal: Of course apart from the operational efficiencies, coke prices are also falling a bit. Linkage may rise from 3%whcih was last quarter to at least 15-20% I would say.

Amit Dixit: The second question is regarding what was the grade of material this time, zinc and lead in this quarter?

Amitabh Gupta: The total metal grade was 8.2% in the quarter from the mines.

Amit Dixit: What was it last quarter and a year before that?

Amitabh Gupta: A year ago it was 8.01. So this quarter is marginally better.

Moderator: Thank you. The next question is from the line of Indrajit Agarwal from Goldman Sachs. Please go ahead.

Indrajit Agarwal: Two questions from my side; one, what could be the reason for lowering your CAPEX guidance from earlier?

Sunil Duggal: So, as we have looked at all our expenses and our CAPEX outflows, we did some quick maths. There was one project which we were planning to launch very soon which has gotten little deferred. So when we do a complete relook at all our things, we feel that we will be closer to $350 than to the earlier guidance that we had set $400 plus.

Amitabh Gupta: Some delay which in the first question also was explained that some delay in shaft commissioning, some CAPEX will also get postponed because of that.

Indrajit Agarwal: So this also changes your internal production expectation over the next couple of years or that remains unchanged?

Sunil Duggal: There is hardly any impact going to be there because the delay is hardly by a quarter or so. So, it does not change the production guidance because luckily we had ramped up all our mines to the desired level even without commissioning of the shaft, like you see the 5 mt plus run rate ore production we were able to achieve from SK mine and now the current quarter we are expecting better even though the shaft has not been commissioned. So similarly in Rampura Agucha, against original capacity of 3.75 mt, we produce at a run rate of 3.19 mt. So, with this, of course, there could be further opportunity of the better hauling with the shafts and reducing the hauling distance and controlling the hauling cost, but I do not think there will be much of impact as far as the ramp up of our production is concerned to 1.2 mt.

Amitabh Gupta: CAPEX is only a timing issue.

Indrajit Agarwal: Second question on other income, we saw sharp jump this quarter. Any particular reason or how should we look at it going forward?

Amitabh Gupta: That is mark-to-market gain that have happened on treasury income. The interest rates have become very benign and they have softened this quarter. So we have had a bumper treasury quarter.

Moderator: Thank you. The next question is from the line of Pinakin Parekh from JP Morgan. Please go ahead.

Pinakin Parekh: My first question is if we look at the production profile this year, we had a situation where the first half mined metal production has fallen very sharply and we understand there was a transitioning. Now, given that most of the projects are going to get commissioned over the next few months, should we now expect a more normalized mine production profile over FY'20, I mean, what we are seeing in 3Q and possibly even 4Q, that becomes a new normal or can we see first half production fall very sharply versus second half of '19?

Sunil Duggal: No, it does not happen now because it is not feast and famine, it used to happen in the open cast. You must have seen if you compare the underground production of the last 16-quarters, there will be curves steeping up every quarter and there is a steady rise which is going on. So at some point of time going forward, in the couple of quarters, it will become more steady and it is not like famine and feast in the first half or second half. So I think there will be more consistency in our production and we will be able to serve the market also more consistently and productively.

Pinakin Parekh: Which basically means that in this quarter we annualize roughly million tons of production or so. So this kind of becomes a base going forward, right?

Sunil Duggal: Absolutely.

Pinakin Parekh: Sir, my second question is regarding inventory because what the production effectively implies is a very sharp jump in refined metal sales in this quarter. So are we carrying material concentrate inventory to this quarter?

Sunil Duggal: We do not have much of the inventory as such except some lead inventory is still there in our circuit.

Pinakin Parekh: Given that we had for a short-term gone for hedging and on hindsight would have turned out to be a very good price. what is the view now because zinc prices have been range bound now for a few months, there is talk about new supply coming through and prices falling lower. So would the company is open to do a rolling hedge going forward or now it is hands off?

Sunil Duggal: No, this was one-off. We will not go for hedging as such and we have never done it in the past. As far as market is concerned, I mean, if you really dig the record of what the market had predicted over the last twelve quarters and what actually has happened as for as the mined metal production is concerned, I was doing my own research which is that any growth in the mined metal in the last six to seven years has been muted and that is why the supply has become deficit today and that is why the stocks are getting depleted quarter-over-quarter. So I was also reading the Wood Mackenzie report that why there could not be a chance of the LME again bouncing back to the highs of 2018.

Moderator: Thank you. The next question is from the line of Ritesh Shah from Investec Capital. Please go ahead

Ritesh Shah: Sir my first question is on production guidance. I think in the press release we have said that we will be slightly short of last year's production, this is for refined zinc and lead. One is how should one look at for this year, you might not quantify, but some color over here will be useful? Secondly sir any thoughts on next year guidance if you can help specifically with shaft coming in?

Sunil Duggal: As far as the guidance is concerned, we have already specified in the guidance that we could be slightly higher than the MIC production last year but you also know that the refined metal production is a consequence of what we actually produce in the mine. So that is why we have given that guidance, of course, the lead and silver will be quite higher than last year. As far as next year is concerned I would not give exact guidance to you at this point of time because we are on a drawing board preparing ourselves and looking at the sequence of the stopes, but definitely as the fundamental become strong, I would like to explain there are two very strong fundamental apart from the shaft which I want to explain here that the filling capacity in the mine is very-very important. So as the mines were ramping up we had one paste fill plant each at Rampura Agucha and Sindesar Khurd. The second paste fill plant is getting commissioned this quarter itself. So one paste fill plant will get commissioned somewhere in early February in our Rampura Agucha mine and the second paste fill plant at Sindesar Khurd could also will get commissioned somewhere in the first week of March. So this sets up for filling up the mine at a faster sequence as we fill the primary stopes, secondary stopes come in sequence. So, as we were mining up, the falling of the sequence of the store which can down into production was coming up. So with this capacity coming up it gives us a huge opportunity of how quickly we can mine our stopes and how quickly we can turn around. So this is one thing which will set us up. Another is the shafts which will liberate us. The third is that the ventilation issues have been resolved in most of our route mines for lifetime. There are a couple of ventilation fans still going on in Zawar, but mostly 80%, 90% it has been resolved. Apart from that just for the information of everyone, we are also setting up the filling plants at Zawar for the time in the history. In Zawar, we always use to leave the pillar and because of which the recovery from the mine used to be very low. At the upper level the pillars, which are left out, we fill the mine and we have the opportunity of mining from the higher level. So all these setting up of the paste fill plant at all our locations will give us the opportunity of mining at a faster sequence and similarly at RD mine also, we are setting up another filling plant so that the turndown of these stopes could be higher and as we are expanding the mine, the requirement of the filling also become higher. So it sets up a strong foundation for the next year, but what exactly number will be coming and what guidance we will be give, we will come back to you at the end of the next quarter when we will have the next investor call.

Ritesh Shah: Specifically for this quarter in the prior question you indicated that we have some lead inventory. Sir then what was the reason why basically we are saying the volumes for this fiscal will be a bit low – was it purely on the quality of grade or was it something else?

Sunil Duggal: No, I mean, lead inventory we have in this quarter, now the opportunity of converting that lead inventory is there, but how much of window is available in the smelting in the current conduct we also have to see, but broadly the FG production is a consequence of MIC production.

Ritesh Shah: Sir, my second is any specific update on SK north, SK south?

Sunil Duggal: So I would not give you much of a detail on that, but broadly in one sentence I would say that we are becoming legally better off and we could get some positive surprise in the coming quarters, but it could be a fortune changer for Hindustan Zinc.

Ritesh Shah: Last question on capital allocation, I think in earlier call it was asked specifically on the urea plant fertilizer facility. Sir, any plan that we have firmed up right now, I think in the prior question, you indicated of sulfuric acid something, sir anything over here?

Sunil Duggal: Yes, the project is on. We have also inducted very senior advisor who is trying to add lot of value in terms of bringing better technology and now we can produce the DAP with the nutrients and with the tweaking of technology and may be building up the capacity which could bring better economics in terms of better IRR. So, we have again gone back to the drawing board. We will come back to you when this exercise will be completed.

Ritesh Shah: Sir, any possibility of giving indication on timeline or CAPEX that the specific project will entail?

Sunil Duggal: The exercise is completed with this quarter which will also bring a better robustness into the project and the better sense and better IRR. We may take this proposal to the board next quarter.

Moderator: Thank you. The next question is from the line of Sanjay Jain from Motilal Oswal Securities. Please go ahead.

Sanjay Jain: This is regarding our capacity, you talked about that in FY'20 we will be 1.2 mt and there are some projects which still will get completed in the end of first half FY20. My question is when would you say that we are now 1.2 mt production, we are capable of producing 1.2 mt of MIC, will it be the end of FY20 or it will end of first of first half?

Sunil Duggal: No, I think at the end of this quarter, that means the Q4 or onset of the new financial year we will be almost there at a design capacity of 1.2 mt but there could be some minor events which I said that maybe shaft will get commissioned and when we can finally say that we are at a capacity of 1.2 mt at that point of time.

Sanjay Jain: But would you need all the SK mine shafts and Rampura Agucha mine shaft to be fully operational for 1.2, or they are not necessarily needed for it because you have lot of declines?

Sunil Duggal: No, we have lot of decline, but you also have to appreciate as we are going down, the hauling distances are becoming better. The importance of the shaft also becomes more and more as we go deeper. So I think with SK shaft getting commissioned this quarter, the challenge will be over. And in Rampura Agucha, although we have been able to debottleneck through the mid shaft and the declines, and one of the declines we have opened in the open pit also so that we can have the two passages through which the material could be hauled. but I think finally the shaft commissioning at Rampura Agucha also makes a lot of sense because it will able to de-bottleneck the hauling issues.

Sanjay Jain: What kind of utilization one can expect once this 1.2 mt capacity is achieved – will it be like 90% or like we can go to 100%?

Sunil Duggal: Mining is not like a surface plant in which we will say that when we will set up the plant, the capacity utilization where you can say that the 90% or 95% or something like that. Mining is also an outcome of what sequence of stopes and which grade and what size of the ore body is coming in sequence in that particular quarter or that particular year which will determine whether the capacity utilization could be 100%, it could be slightly more, it could be slightly less, but the overall infrastructure is in place to mine at 100%.

Moderator: Thank you. The last question is from the line of Abhishek Poddar from Kotak Securities. Please go ahead.

Abhishek Poddar: Just one question on the smelter enhancement of the capacity. So are we already there with 1.2 is it in line or what is the timelines can we look at there?

Sunil Duggal: The debottlenecking efforts are going on and we will be at a capacity which is around 1.13 or so next year as the mine capacity will ramp up in the coming quarters. So, ultimately we will prepared to smelt at a run rate of 1.13 which is the outcome of the MIC production of 1.2 mt.

Abhishek Poddar: This will be by end of FY'20 or before that?

Sunil Duggal: I think it will be before that.

Abhishek Poddar: So just on this would we need to sell more concentrate in FY'20 because this capacity…?

Sunil Duggal: We will never do it.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference back to Ms. Preeti Dubey for closing comments.

Preeti Dubey: Thank you, everyone. If you have any further questions please feel free to contact me.

Moderator: Thank you very much. On behalf of Hindustan Zinc, that concludes this conference. Thank you for joining us, ladies and gentlemen. You may disconnect your lines.