



HINDUSTAN ZINC LIMITED INVESTOR PRESENTATION July 2023

Q1 FY24 Earnings Presentation

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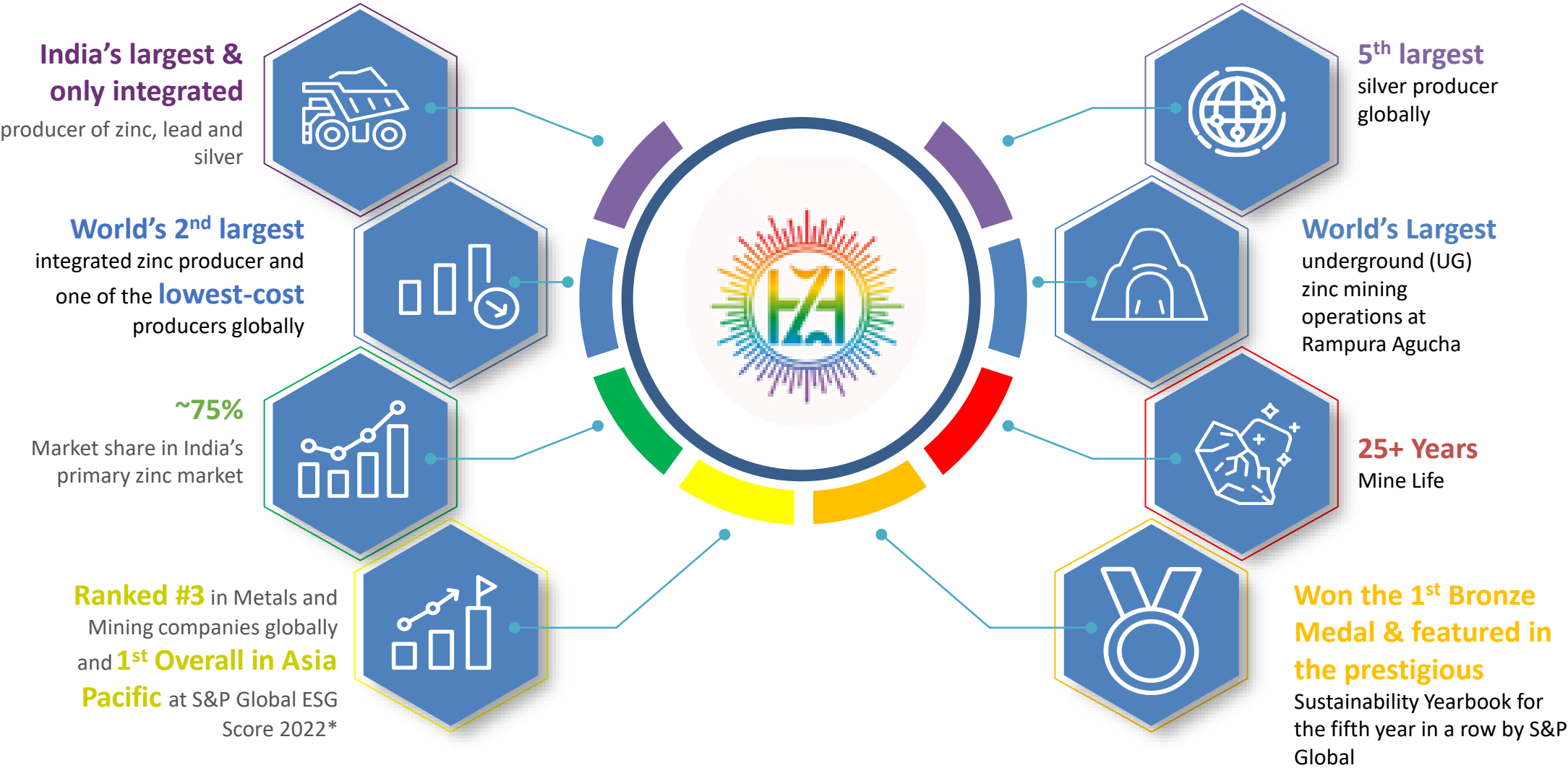
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Unique position of Hindustan Zinc Limited in Metal & Mining landscape



*as of November 18,2022

Q1 FY24 Highlights



Operational

- Highest ever Q1 mined metal and silver production, up 2% and 1% YoY respectively with consistent metal production
- Cost of production down by 6% YoY and 2% QoQ, sequential improvement for the first time in recent past
- Focus on optimizing cost and maintaining volumes, thereby limiting the impact of plummeting LME
- Dedicated women's facility inaugurated in Rampura Agucha mine, 500 meters below the surface



Financial

- EBITDA of c.INR 3.4k Cr & PAT of c.INR 2.0k Cr, down by 36% YoY on account of significantly lower LME partly offset by lower input commodity prices
- Robust EBITDA margin of 46%
- COP : \$1,194/MT (vs Q4 FY23 \$1,214/MT and vs Q1 FY23 \$1,264/MT) supported by softening coal cost and input commodity prices, better domestic coal availability & strong operational performance

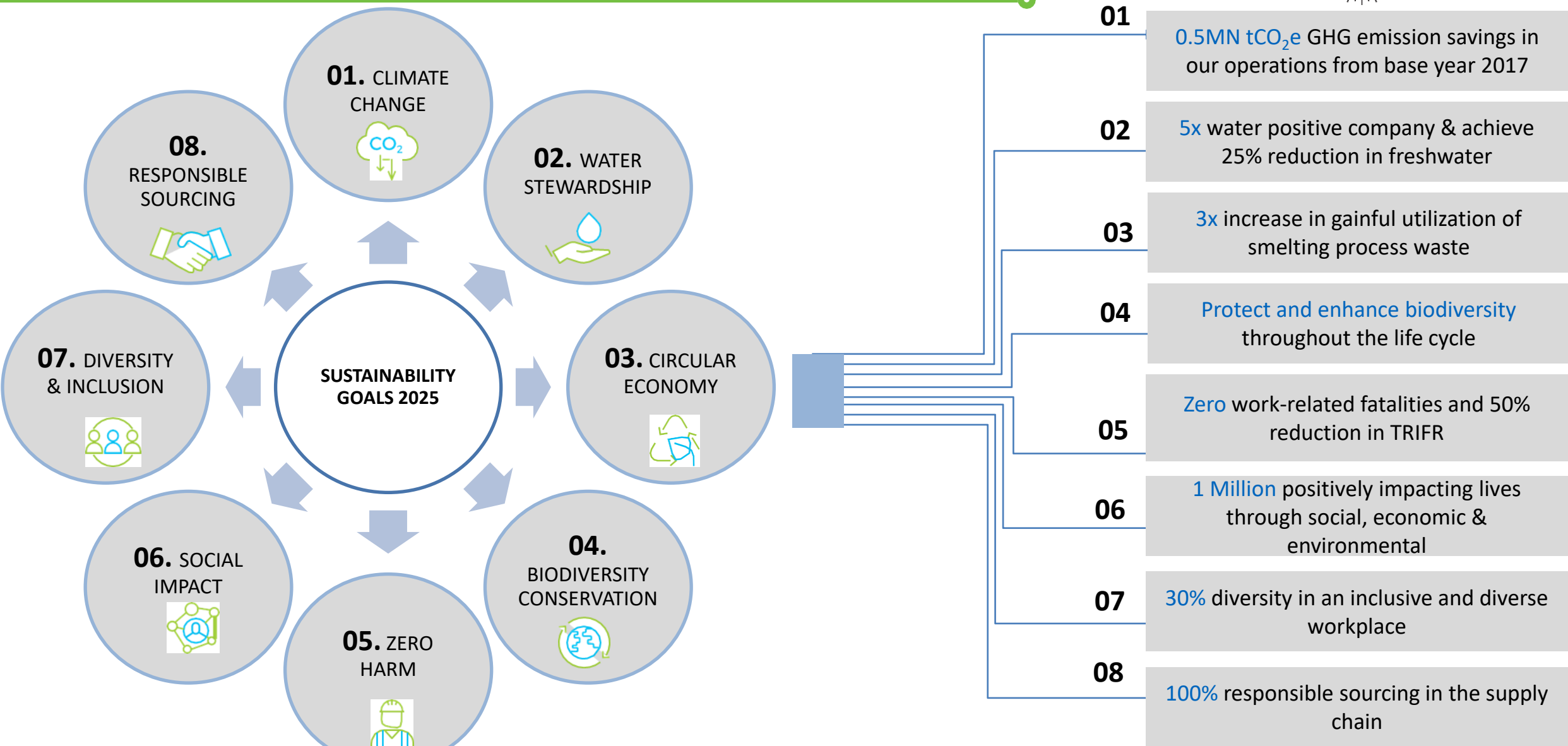


Sustainability

- Celebrated diversity and inclusivity by creating 'Zinclusion' brand: empowering sessions with Laxmi Narayan Tripathi and Ella D' Verma
- HZL certified as 'Great Place to Work' for 5th consecutive year
- Zawar group of mines won Platinum award at Apex India Green Leaf Awards 2022
- Zawar mines recognized by GreenCo rating silver award
- Two players of Zinc Football Academy selected in Rajasthan state team



Key Priorities: Sustainability Goals 2025



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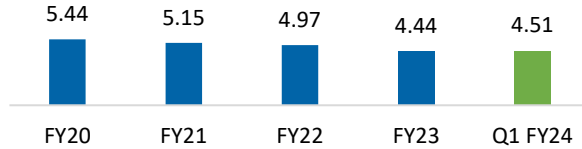
Progress

Major Actions

Climate Change



GHG intensity (Scope 1 + 2)/ MT

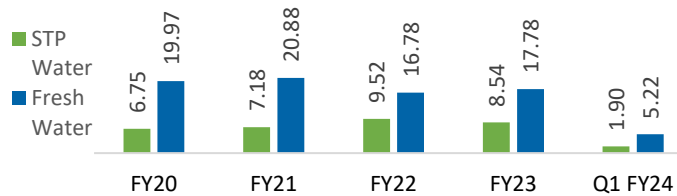


- PDA signed for 450 MW Renewable Energy (work initiated)
- 100% RE power consumption at Panthnagar Metal Plant
- Use of biomass (5%) in power plant
- Energy efficiency programs/ ISO 50001 certification
- Switching to electrical mobility- SKM has inaugurated India's first battery electric vehicle (BEV) in underground mines, 25+ EVs across HZL

Water Stewardship



Water Consumption (Mn m³)

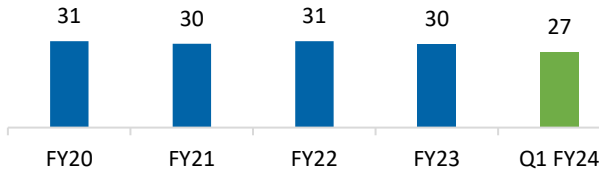


- Utilization of STP treated water (60 MLD Udaipur STP)
- Maintaining zero discharge across HZL
- Water recycling: Integrated water treatment (ETP-RO- MEE/ MVR) shifting from wet tailing disposal to dry tailing disposal
- Rainwater harvesting
- Water risk assessment

Circular Economy



Waste Recycling %

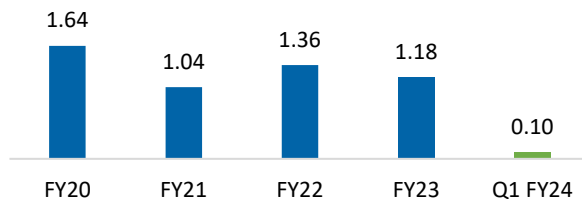


- Fumer for Hydro Smelters
- 100% utilization of Jarosite in cement (Q1: Debari Zinc Smelter- 31,941 MT)
- Jarofix utilization in road construction (Q1: Chanderiya Lead-Zinc Smelter- 34,635 MT)
- Metal recovery from waste

Biodiversity Conservation



Plantation (Lacs)



- Three years engagement with International Union for Conservation of Nature (IUCN)
 - IBAT assessment & ecosystem service review
 - 2 season biodiversity assessment completed
- Launch of 'Coffee Table Book' featuring bird biodiversity
- Miyawaki afforestation
- Restoration of Jarofix yard
- 1 million plantation drive by 2025
- Wildlife conservation plan

Key Priorities: Sustainability Goals 2025

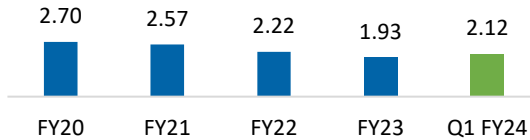
Zero Harm



Progress

Zero Fatalities

TRIFR (number per Mn hours worked)



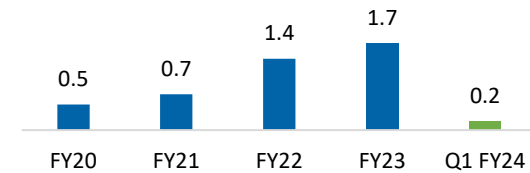
Major Actions

- Critical Risk Management (CRM) implementation
- India's 1st women mining rescue team
- Safety standard revision and one pager safety standards
- Infrastructure and automation
- Safety governance structure for business partners
- Elimination of high-risk manual activities
- Industrial hygiene - QLEA and QNEA

Social Impact



CSR Outreach (Beneficiaries) in Mn

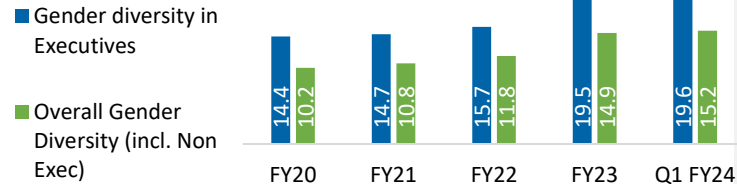


- Outreach 200 villages ~0.16 Mn beneficiaries through sustained CSR initiatives
- Enhancing the local economy by sustainable livelihood practices
- Improving quality of life of communities including the lifecycle approach in education sphere & developing model villages
- Evolving grassroot institutions & promoting microenterprises

Diversity & Inclusion



Gender Diversity Trend (%)



- Improving diversity - (gender and sexual orientation) through focused drive - launched 'Aahvaan': initiated hiring of TGs in Finance and Commercial function
- Mandating gender diversity ratio in campus recruitment
- Launched a unique program 'Zinclusion - Embracing Differences' & invited 2 renowned personalities from the community - Ella D' Verma and Laxmi Narayan Tripathi
- V-Build program exclusively for women in Q1 and elevated 19 women to next level to build leadership pipeline

Responsible Sourcing



Incorporating ESG into the commercial process

- ESG questionnaire in prequalification criteria
- Supplier's due diligence
- Standard ESG expectations in the contracts, single use plastic, Modern Slavery Act declaration in RFQ, incorporating subcontractor approval during RFQ
- Launched vendor grievance through ROBOS portal
- Conducted webinar for ESG, COC, Ethics, Labor Law

Key Priorities: Communities



Skill Development

- Exposure visits of female unarmed security guard batch was organized at Rampura Agucha Mines
- 3 batches launched with 100% diversity at Zinc Kaushal Agucha in 3 trades



Sports

- Zinc Football academy (ZFA) boys played and won the Rajasthan State Open Invitational tournaments
- 2 ZFA players selected in Rajasthan state team
- In partnership with Rajasthan Cricket Association (RCA) for developing India's 2nd largest cricket stadium, work is ongoing



Women Empowerment

- Sakhi Haat Agucha inaugurated in Hindustan Zinc Colony
- Digital Sakhi Transaction: Total transaction value: INR 62.45 Lakhs, number of transactions: 2,890



#ZINCLUSION: Embracing Differences

Description: #Zinclusion, is an organisation wide program focusing on larger objective of combatting discrimination, inequality, biases by creating a fair and just workplace that upholds human rights and values



Development in Q1 FY24: Hindustan Zinc organised an interactive session with Laxmi Narayan Tripathi, an activist, actor, Bharatnatyam dancer, motivational speaker; and Ella D' Verma, 1st runner up of 'Miss Transqueen India Pageant'



Update: Advancing towards this purpose, HZL has hired 5 TGs and 6 hirings are in pipeline in various front-end roles



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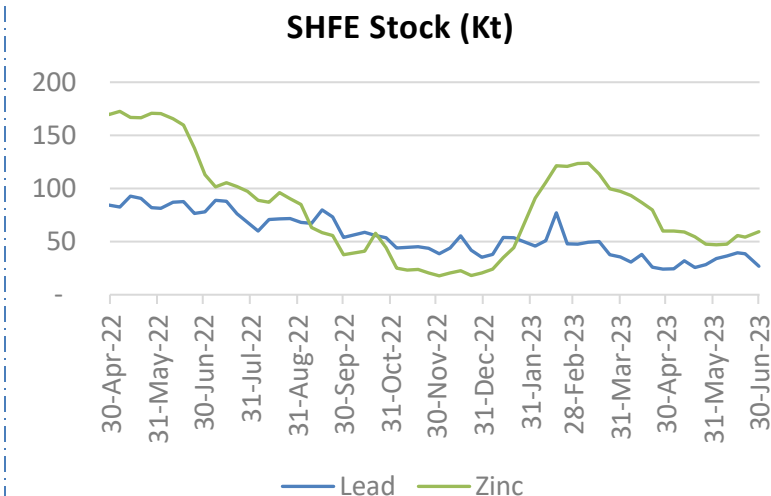
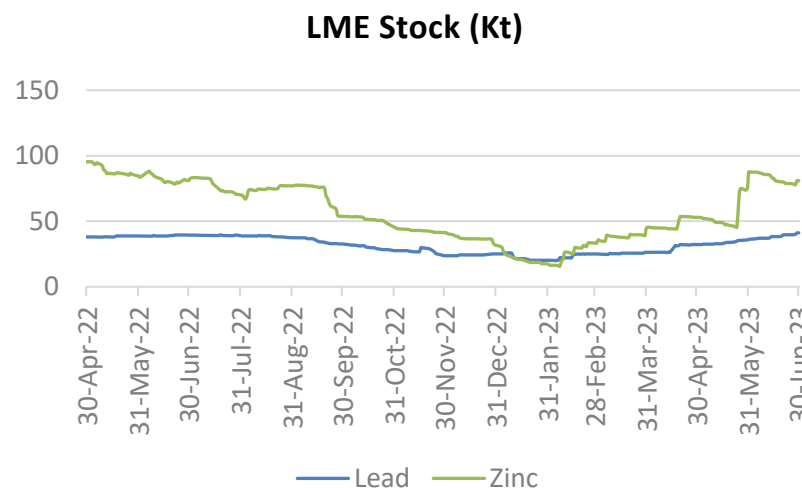
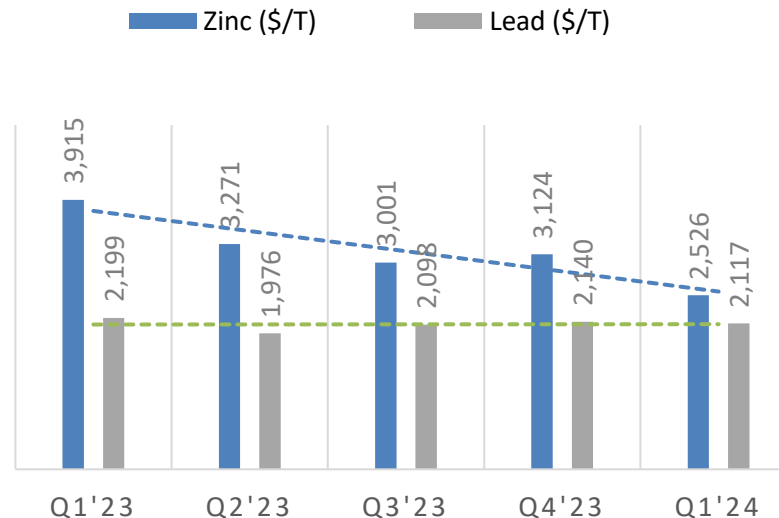
OPERATIONAL REVIEW & BUSINESS UPDATE

Mr. Arun Misra
CEO HZL



Market Update

- Global zinc demand likely to remain impacted by macro-economic factors
- Domestic zinc demand remains resilient owing to fiscal thrust on construction & infrastructure projects
- Domestic lead demand remains robust: driven by automotive, industrial battery segment, infrastructure development and govt. industrial initiatives like 'Make in India' to boost industrial battery consumption
- Domestic silver demand in investments and jewellery segment is increasing. Globally, silver demand in the solar power sector is expected to grow as nations look to develop green energy
- Supply: Global zinc mining operations are being temporarily halted due to pressure from decline in zinc prices and cost inflations
- Zinc inventories in LME warehouses stood at 81 kt at the end of Jun'23, portraying an upsurge of c.80% as compared to end of Mar'23

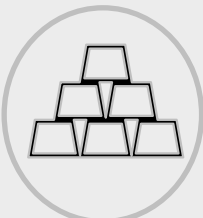


Operational Highlights : Highest-ever first quarter MIC



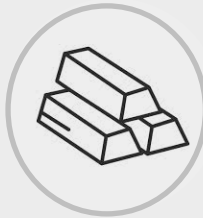
Mined Metal

Q1 FY24
257 kt
(up 2% y-o-y)



Refined Metal

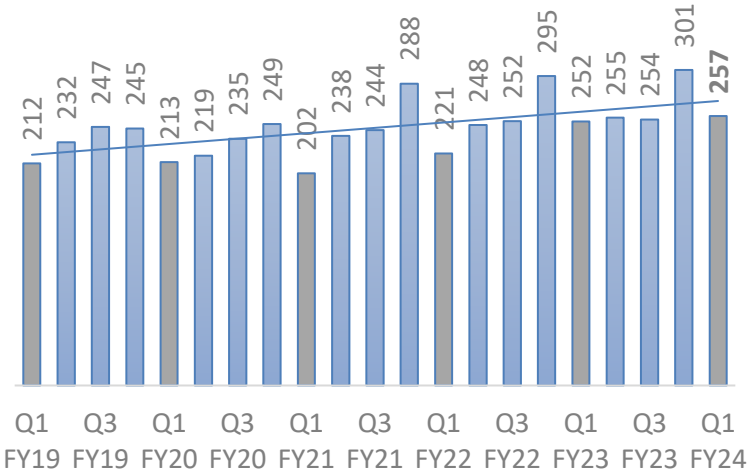
Q1 FY24
260 kt
(flat y-o-y)



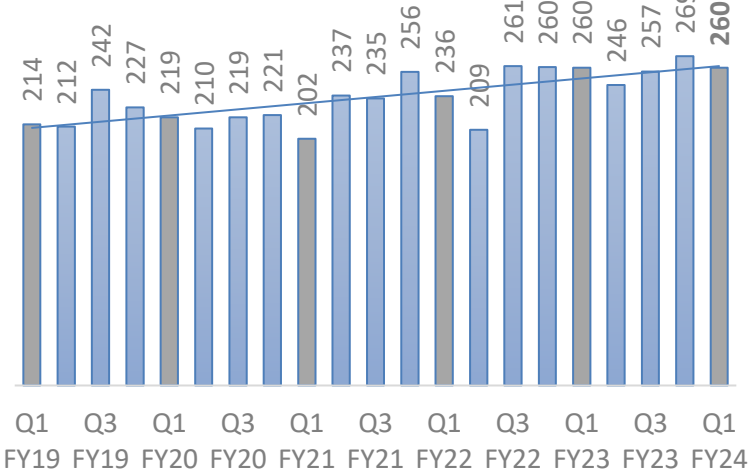
Saleable Silver

Q1 FY24
179 MT
(up 1% y-o-y)

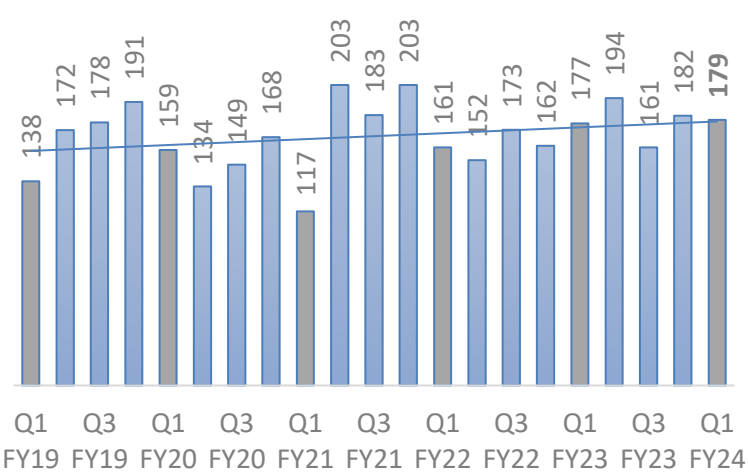
MIC (kt)



Refined Metal (kt)



Silver (MT)

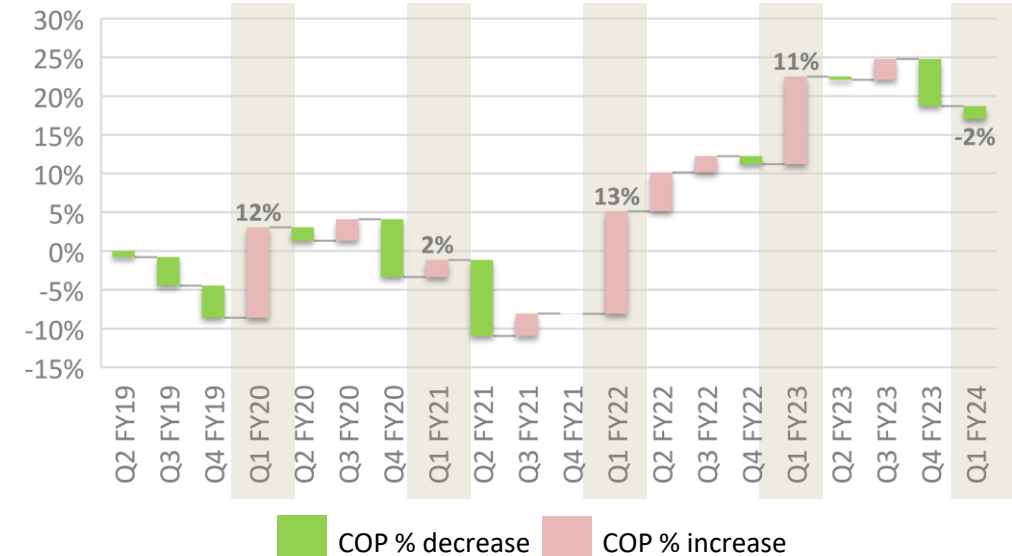


Operational Review Q1 FY24

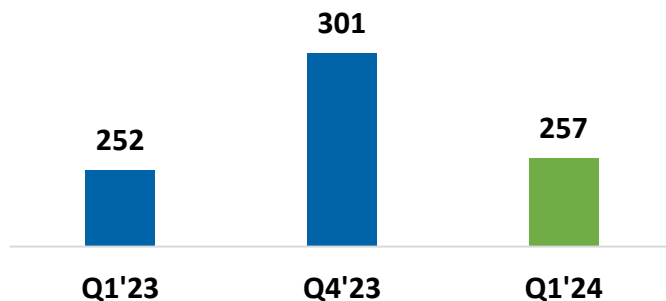
- Mined metal up 2% y-o-y on account of higher ore production largely at RA & Kayad mines supported by improved mined metal grades and better mill recovery; down 15% q-o-q in line with mine preparation activities being carried out in Q1 every year
- Refined metal flat y-o-y; down 4% y-o-y in line with plant availability
- Saleable silver production up 1% y-o-y & down 2% q-o-q, in line with lead metal production and higher WIP depletion
- Zinc COP at \$1,194/t, down 6% y-o-y & 2% q-o-q. Improvement on account of lower coal and input commodity prices and better domestic coal availability, further supported by improved operational efficiencies and better grades y-o-y

Sequential COP % (decrease)/increase

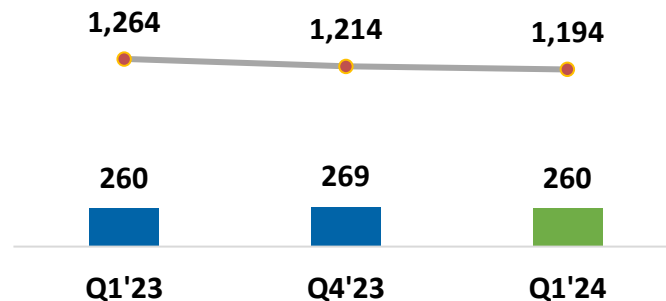
Two consecutive quarters of cost optimisation, improvement of c.\$100/t in COP



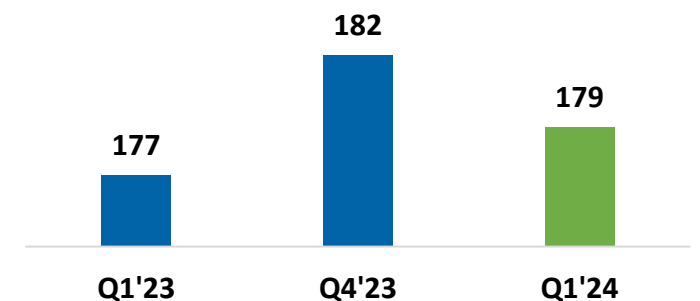
Mined Metal (kt)



Refined Metal (kt) & Zinc COP (\$/t)



Saleable Silver (MT)



Project Update

Hindustan Zinc Alloys Private Limited (HZAPL) - Main Alloy plant mechanical installation and cold commissioning completed. Hot commissioning planned in mid Q2 FY24

Rajpura Dariba Mill - Mechanical installation completed. Cold commissioning and hooking of new plant with existing facilities ongoing, production is targeted by mid Q2 FY24

Roaster at Debari - All orders are placed in Roaster project and engineering works started. Mobilization at site will start by early Q2 FY24

Fumer - HZL team visited China for commissioning training & online support. Due to continued visa restrictions, the commissioning will be done through online support and inhouse experts and is expected to be completed by early Q2 FY24

Hindustan Zinc Fertilisers Private Limited (HZFPL) - Major process package order finalized, and partner locked in. Remaining orders are targeted by Q2 FY24





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FINANCIAL REVIEW







Mr. Sandeep Modi

CFO HZL



Financial Highlights

(All figures in INR Cr unless stated otherwise)

 <div>Revenue</div> <div>Q1 FY24 7,282 (down 22% y-o-y)</div>	 <div>EBITDA</div> <div>Q1 FY24 3,359 (down 36% y-o-y)</div>	 <div>Profit After Tax</div> <div>Q1 FY24 1,964 (down 36% y-o-y)</div>
 <div>Gross Investments & Cash and Cash Equivalents</div> <div>9,709</div>	 <div>EBITDA Margin</div> <div>Q1 FY24 46%</div>	 <div>Earnings per Share</div> <div>Q1 FY24 INR 4.65</div>

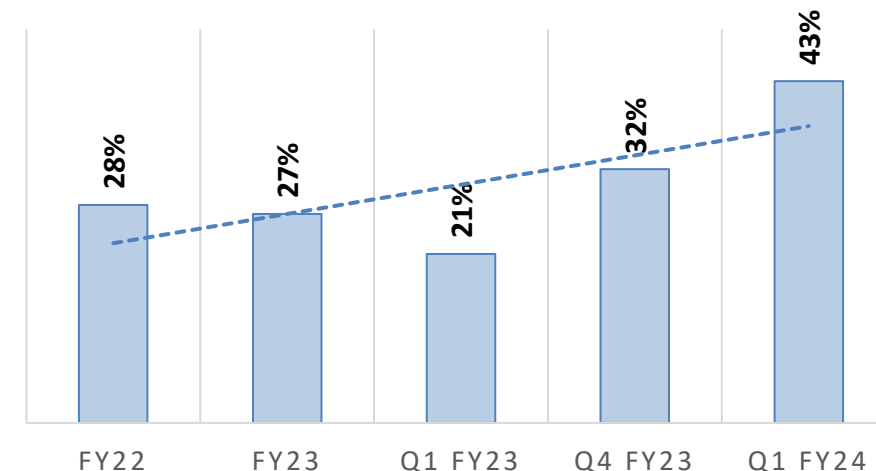
Note: All financials are at consolidated level



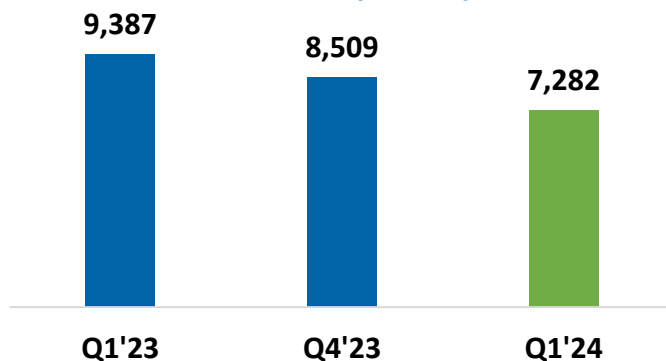
Consolidated Financial Review Q1 FY24

- Revenue down 22% y-o-y; due to significantly lower metal LME and lead volumes partly offset by higher zinc volume, silver prices & volumes and favourable Fx rates
- EBITDA down 36% y-o-y; lower metal LME partly offset by lower costs and better silver prices
- Consolidated PAT down 36% y-o-y; due to lower EBITDA partly offset by lower tax expense
- Effective tax rate of c.25% for Q1 FY24 as the Company has moved into the new tax regime

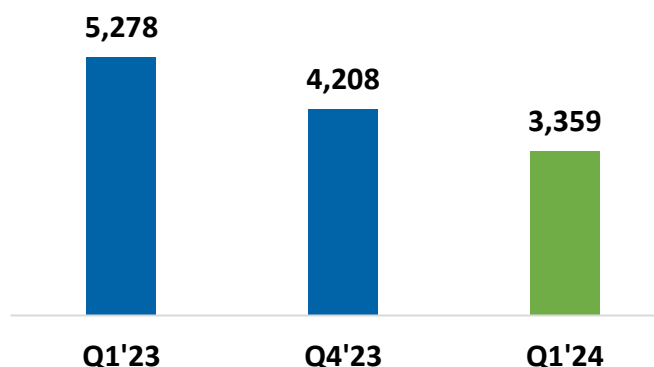
Silver Metal as a % of Total Segment Result



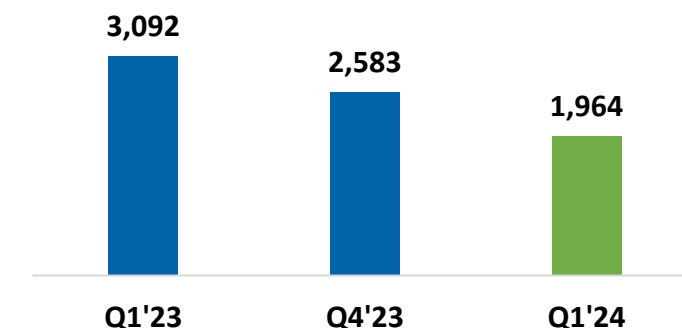
Revenue (INR Cr)



EBITDA (INR Cr)



Profit After Tax (INR Cr)





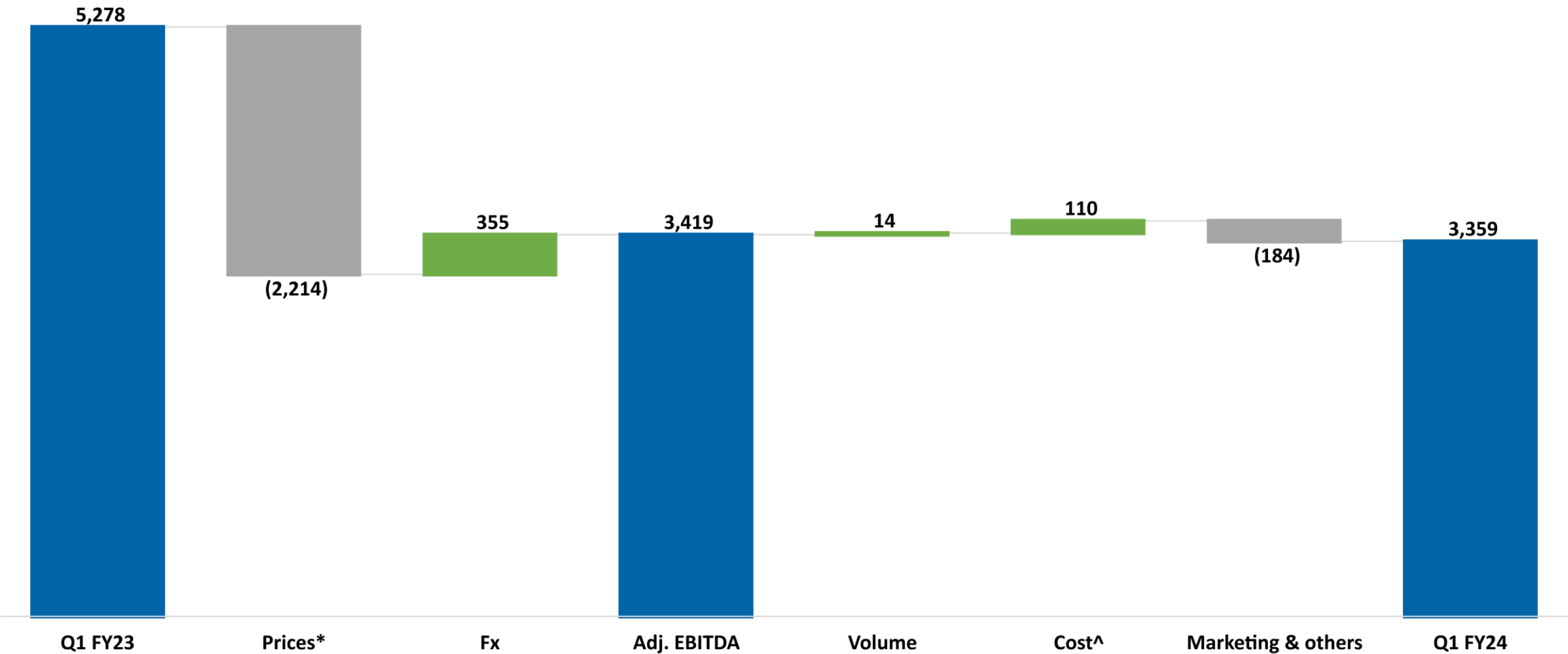
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APPENDIX



EBITDA Bridge (Q1 FY24 vs Q1 FY23)

(All figures in INR Cr unless stated otherwise)



*Inclusive of gains from Strategic Hedging in previous period

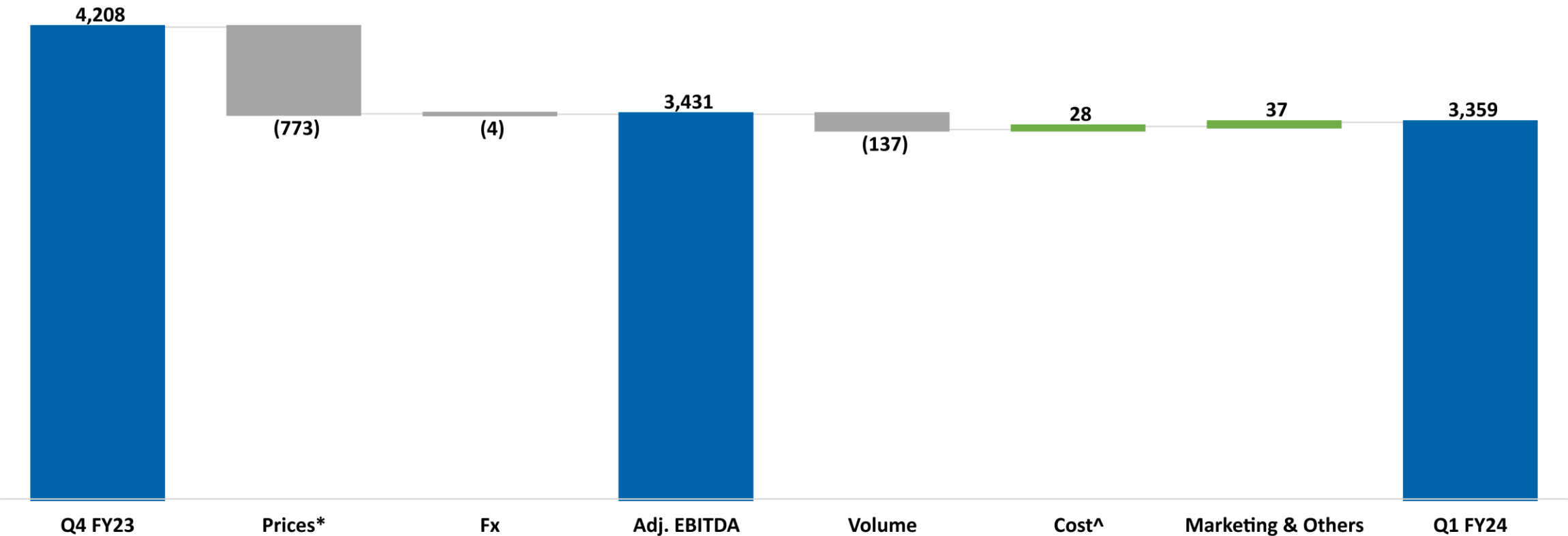
^Inclusive of input commodity inflation

Note: All financials are at consolidated level



EBITDA Bridge (Q1 FY24 vs Q4 FY23)

(All figures in INR Cr unless stated otherwise)



*Inclusive of gains from Strategic Hedging in previous period

^Inclusive of input commodity inflation

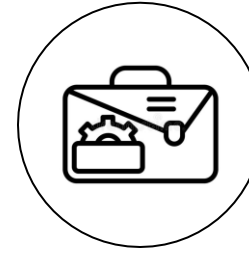
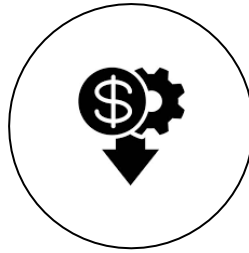
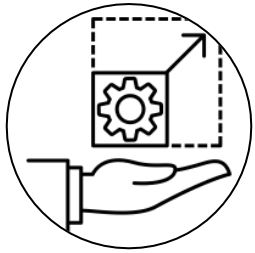
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Fundamental Growth Strategy



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Expansion of Capacities

- Expand mined metal capacity (currently at 1.2 Mtpa) and ramp up UG mines to deliver on it
- Scale smelters to 1,050-1,075 kt

Maintaining a Portfolio of Mines with Long Life

- Increased exploration to enhance Mineral Resource by 15 Mt Ore by FY24 & another 40 Mt Ore by FY25
- Retain/ acquire new potential areas through auction

Strengthen Cost Leadership

- Drive production efficiency
- Undertaking alternate fuel innovation and pushing operational efficiencies to control the costs

Expansion of Product Portfolio through Customer Centricity

- Scale capacities for minor metal recovery
- Enhancing value added portfolio share
- HZAPL ready for commissioning in FY24

Progressing towards Sustainable Future

- Commitment to audacious Sustainability Goals 2025 in place
- Efforts in GHG emissions reduction, water stewardship, circular economy, biodiversity conservation and waste management

MAXIMISING SHAREHOLDER VALUE



- ❖ Certified as 'Great Place to Work' for the fifth consecutive year
- ❖ Won the prestigious PeopleFirst HR Excellence Awards in the categories of "Leading Practices in Talent Management" & "Leading Practices in Employee Relations (Industrial Relations)"
- ❖ Awarded with two titles in 'India Risk Management Award 2023' by CNBC-ICICI Lombard including special jury citation for Risk Management in Metal & Mining Industry and Master of Risks in Environmental Social Governance Category
- ❖ Hindustan Zinc's Chanderiya Smelting Complex and Zinc Smelter Debari have been awarded the CII-ITC Sustainability award for efforts in enhancing sustainability and inclusivity in operations and Zawar Mines won CII Best Practices Award for its dry tailing plant
- ❖ Zawar Group of Mines won Platinum Award at Apex India Green Leaf Awards 2022
- ❖ GreenCo Rating Award (Silver) to Rampura Agucha Mine and Zawar Mines
- ❖ Under Ministry of Mines and G20, Zawar has been declared as a Geo-Heritage site and conferred with the title of 'Oldest Zinc Smelting site'

Metal Prices and Exchange Rate trends

Zinc Prices (\$/t): Impacted by macro-economic factors



Lead Prices (\$/t): Range bound in last 6 months



Silver Prices (\$/oz): Volatile in last 6 months



USD - INR





Purple Heron at Debari
Image credits: IUCN

THANK YOU

