



HINDUSTAN ZINC LIMITED Investor Presentation October 2023

Q2 FY24 Earnings Presentation







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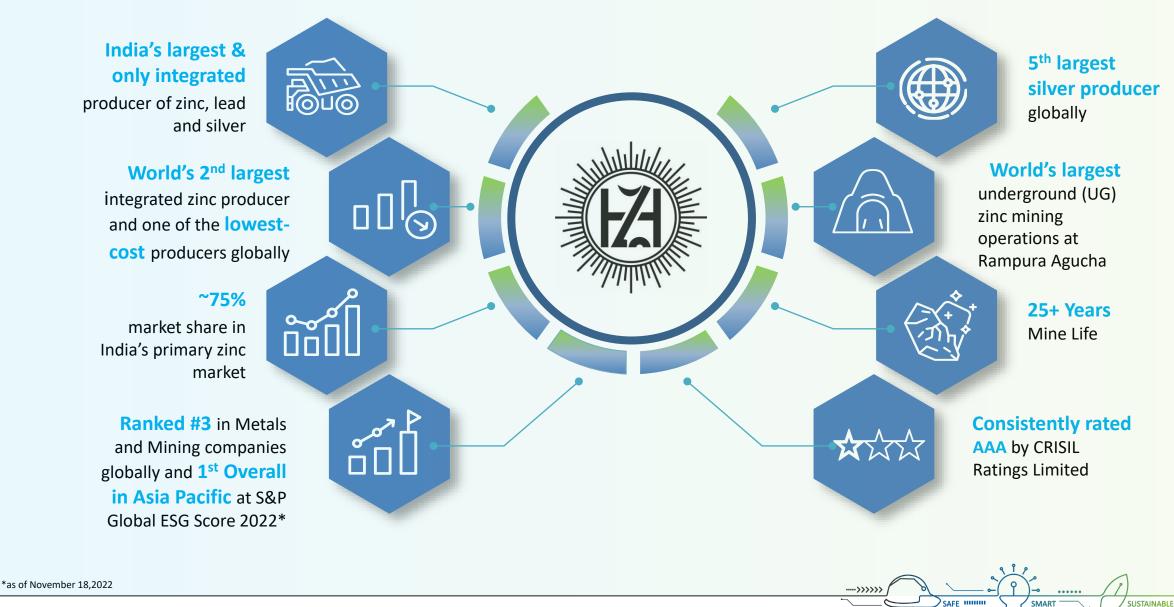
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HINDUSTAN ZINC LIMITED – Q2 FY24 INVESTOR PRESENTATION







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Q2 FY24 performance backed by strategic growth projects, sustained cost optimization and ESG excellence



SUSTAINABLE

Sustainability

- SBTi validated the targets of 50% reduction in Scope 1 & 2 and 25% reduction in Scope 3 emissions by 2030
- Landmark agreement signed between Hindustan Zinc and GreenLine for 180 LNG vehicles for internal finished goods movement
- Zero liquid discharge plant of 4,000 KLD capacity inaugurated at Zawar mines
- Dariba smelting complex recognized with Platinum award in metal and mining sector at Apex India Occupational Health and Safety Awards 2023

Operational

- Q2 refined metal down 7% sequentially on account of scheduled maintenance activity, silver production up 1% sequentially
- Cost of Production (COP) down by 10% YoY and 5% QoQ, lowest cost in last 6 quarters and over \$150/t improvement in back-toback three quarters
- Fumer commissioned and stabilized in Q2 FY24
- Rajpura Dariba Mill commissioned enhancing the RD ore treatment capacity to 1.1 mtpa

Financial

- EBITDA of c.INR 3.1k Cr & PAT of c.INR 1.7k Cr, down by 35% YoY on account of significantly lower LME partly offset by lower input commodity prices
- Robust EBITDA margin of 46%
- Strong liquidity supported by healthy free cash flow from operations of c.INR 2.6k Cr during the quarter



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SUSTAINABILITY UPDATE





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SUSTAINABLE

Roadmap to Net-zero



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SBTi Approved Hindustan Zinc's Near-Term & Long-Term Net Zero Targets Hindustan Zinc is the **only** Indian Company in Mining -Iron, Aluminium, Other metals sector with validated and approved SBTi targets in alignment with 1.5°C target Near-Term **50% reduction** in Scope 1 & 2 GHG emissions and **25%** of Scope 3 emissions by FY2030 Long-Term Net Zero Emissions by FY2050

2026 - Transition to Clean Energy

Firm Renewable EnergyEfforts on Scope 3

Scope 1 & 2 - 18% Scope 3 - 20%

2040 - Scaling Up

- Firm Renewable Energy
- Hydrogen Fuel
- Carbon Capture Utilization and Storage
- Circular Economy

2050 - Delivering Commitment

- Firm Renewable Energy
- Hydrogen Fuel
- Carbon Capture Utilization and Storage

- Circular Economy
- Scope 1 & 2 100% Scope 3 - 100%

HINDUSTAN ZINC LIMITED – Q2 FY24 INVESTOR PRESENTATION NDC: Nationally Determined Contribution Situity: Internal (C3)

2030 - In line with

Firm Renewable

Explore Hydrogen

Fuel & others

- Efforts on Scope 3

Scope 1 & 2 - 50%

Scope 3 - 25%

Energy

NDC



Move towards Green Transportation

- MoU signed with GreenLine for 180 Liquified Natural Gas (LNG) vehicles
- Utilisation: Inter unit movements and finished goods transportation
- Impact: 30% reduction in carbon footprint and reduction of Scope 3
- emissions, as compared to traditional diesel vehicles



Towards 5x Water Positivity by 2025

- Inaugurated state-of-the-art zero liquid discharge plant of 4,000 KLD capacity (phase 1) in collaboration with Ion Exchange (India) Ltd at Zawar mines to help in water conservation
- **Impact:** To facilitate water recovery through reduction in freshwater
- dependency using advanced technology

Sustainable For a Better Tomorrow

4,000 KLD Zero Liquid Discharge Plant (Phase 1) Inaugurated at Zawar Group of Mines

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Sustainability in Action



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Renewable Power Update : Hindustan Zinc entered into Power Delivery Agreements (PDA) with Serentica Renewables India Private Ltd (SRIPL4 and SRIPL5) for Dariba (200 MW) and Chanderiya (250 MW) plant locations respectively. SRIPL4 & SRIPL5 are part of Serentica group which is developing ~4GW of Renewable Energy across multiple states to provide round-the-clock power to industries.



Salient Features of the Project

- Solar project is being constructed in Rajasthan
- Wind project is being developed in Maharashtra
- Power flow through ISTS network and delivery to HZL through dedicated transmission lines
- Higher reliability flow of power from ISTS network

Project Updates and Milestones

- Land acquisition and statutory approvals are on track
- Transmission connectivity secured
- OEM, EPC & vendor partners tied-up and construction activity at site under progress
- Phased completion starting from Mar'24 with complete commissioning by Jun'25

HINDUSTAN ZINC LIMITED – Q2 FY24 INVESTOR PRESENTATION ISTS: Inter-state transmission system; OEMinOriginal Equipment Manufacturer; EPC: Engineering, Procurement and Construction

Key Priorities: Sustainability Goals 2025

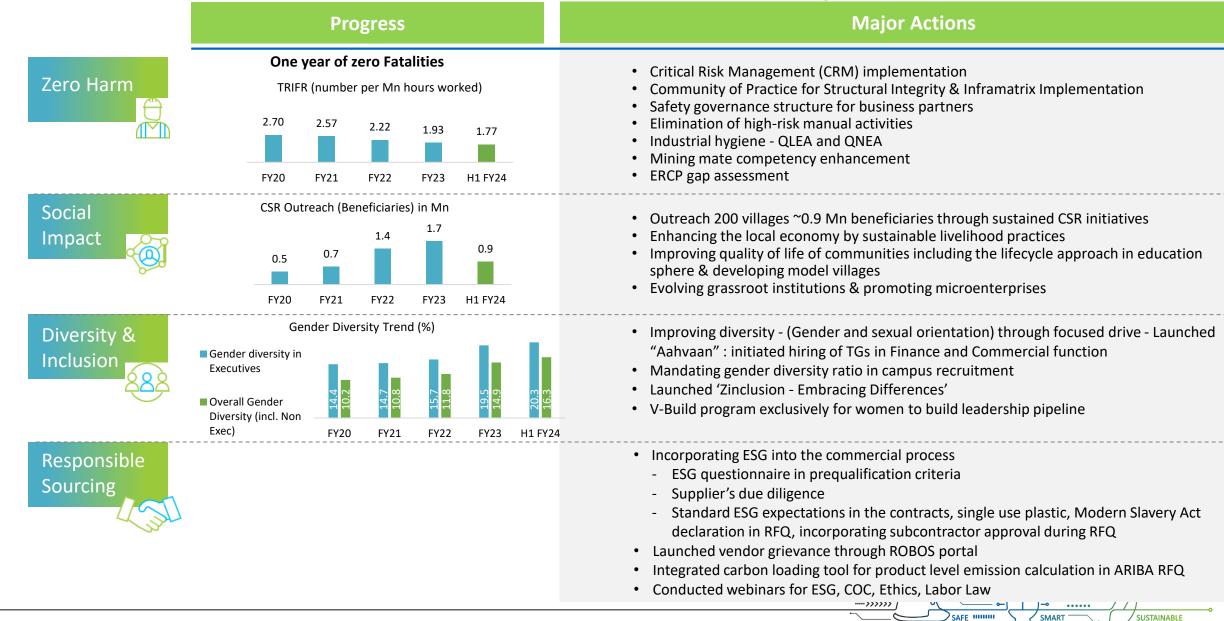


	Progress	Major Actions
Climate Change	GHG intensity (Scope 1 + 2)/MT 5.44 5.15 4.97 4.44 4.71 FY20 FY21 FY22 FY23 H1 FY24	 PDA signed for 450 MW Renewable Energy (work initiated) 100% RE power consumption at Pantnagar Metal Plant Use of biomass (5%) in power plant Energy efficiency programs/ISO 50001 certification Switching to electrical mobility- two UG battery electric vehicles (BEV) inaugurated, 29 EVs across HZL
Water Stewardship	Water Consumption (Mn m ³) STP Water Fresh Water FY20 FY21 FY22 FY23 H1 FY24	 MoU signed for 180 LNG vehicles for inter unit & finished goods movement Utilization of Municipal sewage treated water (Udaipur STP) Maintaining zero discharge across HZL Water recycling: Integrated water treatment facilities (ETP-RO- MEE/MVR) Shifting from wet tailing disposal to dry tailing disposal, zero liquid discharge (ZLD) plants at CLZS, DSC, ZSD & Zawar Mine Rainwater harvesting Water risk assessment
Circular Economy	Waste Recycling % 31 30 31 31 27 FY20 FY21 FY22 FY23 H1 FY24	 Fumer for Hydro Smelters 100% utilization of Jarosite in cement (H1 FY24: ZSD- 55,631 MT) Jarofix utilization in road construction (H1 FY24: CLZS- 38,814 MT) Metal recovery from waste Green capping of Jarofix yard
Biodiversity Conservation	Cumulative Plantation (Lacs) 5.22 5.80 1.64 2.68 4.04 5.22 5.80 FY20 FY21 FY22 FY23 H1 FY24	 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 and wildlife conservation plan 1 million plantation drive by 2025 Restoration of Jarofix yard Piloting Science-Based Targets for Nature

HINDUSTAN ZINC LIMITED – Q2 FY24 INVESTOR PRESENTATION CLZS: Chanderiya Lead-Zinc Smelter, DSC: Dariba Smelting Complex, ZSD: Zinc Smelter Debari

Key Priorities: Sustainability Goals 2025









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Skill Development

- 286 Successful Placements:
 - 10 trainees from Unarmed Security Guard trade from Zinc Kaushal, Hurda at TCS
 - 11 customer care trainees from Zinc Kaushal, Debari at Teleperformance
 - 8 microfinance trainees from Zinc Kaushal, Kayad in RBL Bank
- International Youth Day celebrated with 400+ youths of Zinc Kaushal Kendra

Sports

- Zawar based defender Mohammed Kaif selected in the India Under-16 Football squad for the SAFF U-16 Championship in Bhutan
- 4 ZFA players selected for U-16 boys national team preparatory camp in J&K
- CLZS Junior Security Officer, Pinal Prajapati qualified to represent Rajasthan in National Shooting Championship 2023

Women Empowerment

- Launched website of the marketing entity "Hearts with Fingers"
- Crafted 10 hand-printed rakhi for unboxing, launched by HZL Chairperson
- Launched new range in home textile product and grey khadi with fine embroidery products



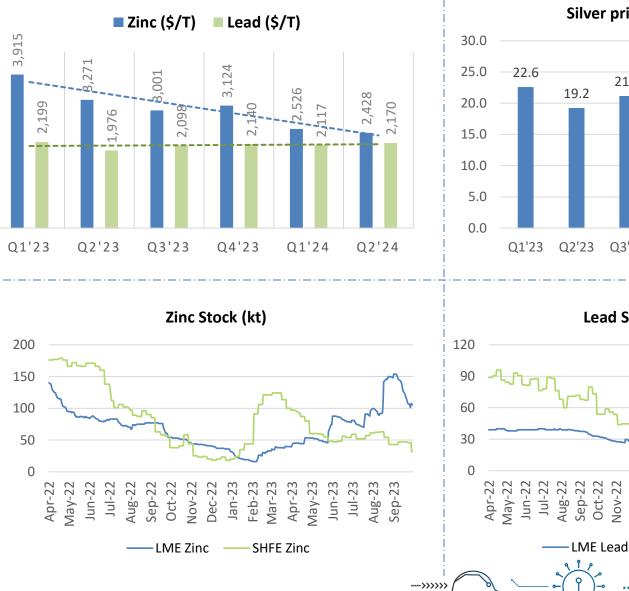
OPERATIONAL REVIEW & BUSINESS UPDATE

Mr. Arun Misra CEO HZL

Market Update



- Substandard economic performance in US, Europe, and China counterbalanced by optimistic outlook of increased efforts by Chinese authorities to support growth
- Global zinc demand likely to remain impacted by macro-economic factors
- Domestic zinc demand remains resilient owing to fiscal thrust on construction & infrastructure projects, Indian economy resilient, strengthened by strong consumer demand & growth in manufacturing output
- Domestic lead and silver demand remains robust
- Supply: Though the price pressures have compelled a few mines and smelters to close/suspend, the surplus in refined market is higher due to subdued demand
- Zinc inventories in LME warehouses stood at 105 kt (vs 81 kt as of Jun'23) and in SHFE warehouses at 32 kt (vs 59 kt as of Jun'23) at the end of Sep'23





Oct-2 Nov-23

Dec-Jan-FebMar-2

Apr-2 May-2

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SHFE Lead

-Inf Aug-Sep-

14

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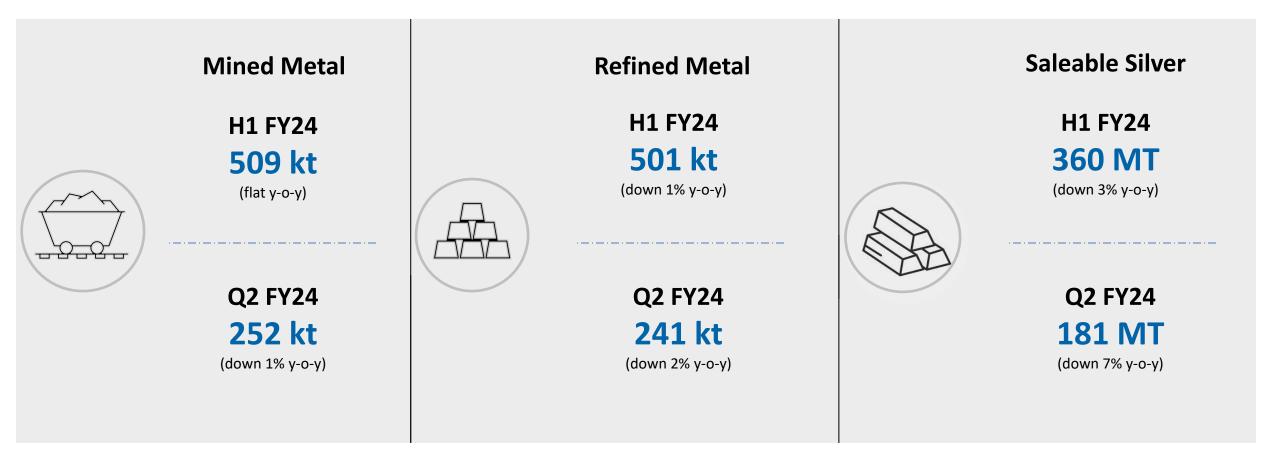
Operational Highlights : Record H1 mined metal production



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SMART



Operational Review

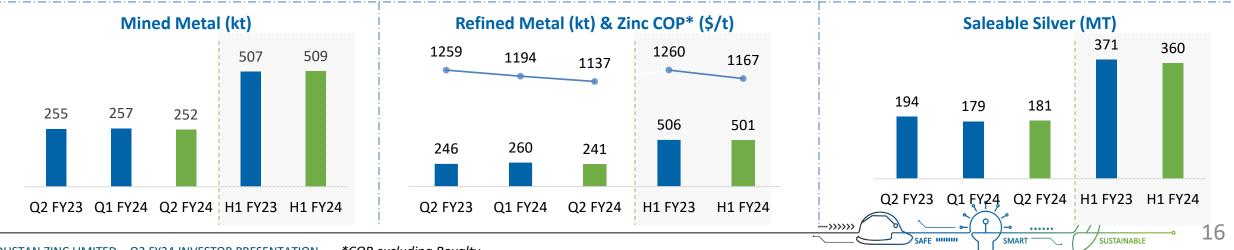


Q2 FY24

- Mined metal marginally down y-o-y and 2% down q-o-q on account of lower ore production at Rampura Agucha and Kayad mine partly offset by better overall grades
- Refined metal down by 2% y-o-y and 7% q-o-q on account of a scheduled maintenance activity
- Saleable silver production up 1% q-o-q & down 7% y-o-y on account of WIP accumulation in the quarter
- Marking third consecutive quarter of cost optimisation, Q2 FY24 Zinc COP* at \$1,137/t, down 10% y-o-y and 5% q-o-q. Improvement on account of lower coal and input commodity prices and better linkage coal availability, further supported by better grades sequentially

H1 FY24

- Highest-ever first half mined metal, up y-o-y, on account of higher ore production at Rampura Agucha Mine supported by better overall metal grades
- Refined metal down marginally y-o-y in line with plant availability
- Saleable silver production down 3% y-o-y in line with lead metal production
- Zinc COP* at \$1,167/t, down 7% y-o-y due to lower coal and input commodity prices and better linkage coal availability



Sensitivity: Internal (C3

HINDUSTAN ZINC LIMITED – Q2 FY24 INVESTOR PRESENTATION *COP excluding Royalty

Project Update (1/3)



I. Fumer Project for Hydrometallurgical Smelters:

Fuming operations as a technology generate an environment-friendly saleable slag. India's first Fumer plant at Chanderiya using fuming technology, aims at converting jarosite to clean slag enabling waste recycling and recovery of additional silver and base metal





II. Hindustan Zinc Alloy Private Limited:

Transitioning from commodity-based to product-based Company - 26% of Indian zinc market is addressed by imports (including alloys). Hindustan Zinc Alloy Plant, one of the largest zinc alloy facility in India, enables self-reliance and will help boost the market share by catering to niche applications of zinc alloys and deliver international quality products commanding a premium in the domestic market.



Production Capacity 30 ktpa

Target VAP 20% - 25%

Status Update

 Hot commissioning complete and first alloy metal produced in first week of Oct'23

III. Rajpura Dariba Mill capacity expansion:

Ore treatment capacity expansion from 0.9 mtpa to 1.1 mtpa using advanced technology and latest filtration technique to enhance metal recoveries, thereby ensuring a more sustainable and efficient operation.



Ore treatment capacity enhancement to **1.1 mtpa**

Recovery improvement from 86% to 91%

Status Update

 Mill commissioned. Complete ramp up under progress, targeted by early Q3 FY24

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Project Update (3/3)



IV. New Roaster at Debari:

Roasting is an essential part of the process of producing saleable zinc in hydrometallurgical smelters.

The new roaster at Debari will enable Hindustan Zinc to attain long term sustainable operations making it future ready for 1.2+ million tonne refined metal.

Production Capacity 160 ktpa

Status Update

• All orders placed. Engineering and procurement activities ongoing and EPC contractor mobilized at site

V. Hindustan Zinc Fertilisers Private Limited:

India's annual requirement of DAP/NPK Fertilizer is 19+ million TPA and the country imports almost 6+ million TPA of DAP/NPK based on the demand supply scenario.

Hindustan Zinc's DAP/NPK Fertiliser Plant at Chanderiya aims to support farmers' needs through production and sale of fertilisers currently being imported and to better utilise sulphuric acid generated in operations through production of fertilisers, making the country future-ready. This will contribute to nation building, enabling us to fetch right margins.

Production Capacity **510 ktpa**

Product
DAP/NPK Fertiliser

Status Update

• Major orders placed and technology partner onboarded. Engineering and procurement activities are ongoing



HINDUSTAN ZINC LIMITED – Q2 FY24 INVESTOR PRESENTATION EPC: Engineering, Procurement and Constructional (C3)



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Value Unlocking Measures & Shareholder Value Creation

Considering the scale, nature, and potential opportunities for various business verticals of the Company, the Board of Directors decided to undertake a comprehensive review of the corporate structure for unlocking potential value.

With the idea of creating separate legal entities for undertaking the zinc, lead & silver and recycling business of the Company, on 29th September'23, the Board authorized the "Committee of Directors" to evaluate and recommend such options and alternatives to the Board of Directors.

The management has appointed external advisors to assist in evaluating the options and the work is underway. Way forward along with the possible options will be updated to the Board upon completion of the evaluation exercise.

STRATEGIC OBJECTIVES

Unlocking value for all stakeholders

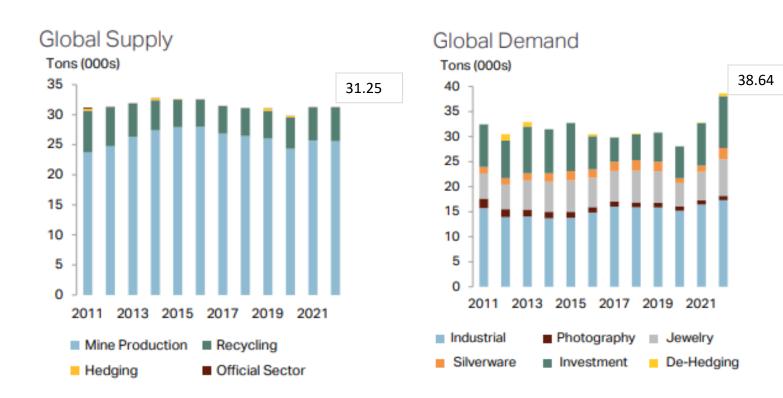
Accelerate towards sustainability goals focused on waste to wealth, emissions reduction and strong ESG practices Creation of businesses which are positioned to better capitalize on their distinct market positions, deliver long-term growth

Appropriate capital structure and capital allocation policies based on business specific dynamics Distinct investment profiles to attract deeper and broader investor bases

Sharpen focus on core competencies and appropriate realignment of the Company's resources



Silver market globally was in 7kt deficit in 2022. There has been a strong demand gains across a number of key segments, while supply had been effectively unchanged. India's silver consumption is driven by jewellery segment with industrial demand low as compared to global levels. However, the demand from industrial sector is expected to increase significantly due to new-age technological developments like the electrification of vehicles and the roll-out of 5G networks and shift to renewable energy supplies.



2023 Silver Estimate:

- Global demand of 36.3 kt driven by industrial usage and physical investments
- Global supply of 31.88 kt



India's only silver producer and 5th largest silver producer globally*, progressing from 23rd position in 2016 to 5th largest in 2023

With FY24 estimate of 725-750 MT of silver, **production has doubled in last 10 years** and has increased over 15 times in last 2 decades

Silver **segment results improved 3.4 times in last decade**, contributing c.30% of Company's profits

Future Potential: Backed by sustained mine life of 25+ years, robust R&R and fuming technology taking the center stage, making India self-reliant in silver is the future pursuit





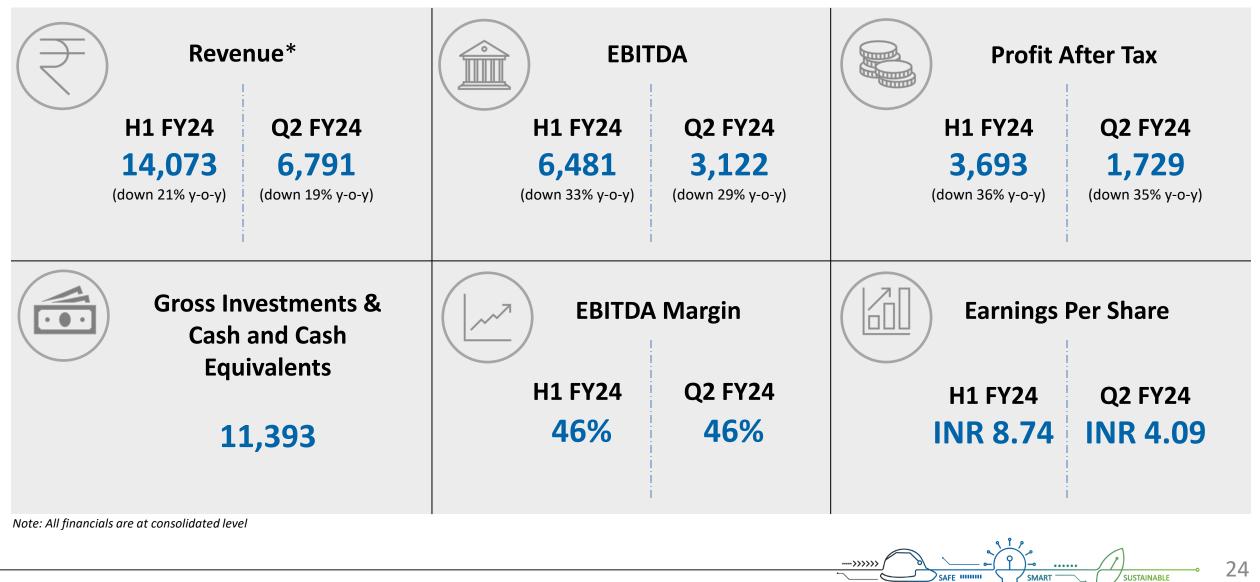
N *Source: World Silver Survey by Silver Institute

FINANCIAL REVIEW

Mr. Sandeep Modi CFO HZL

Financial Highlights

(All figures in INR Cr unless stated otherwise)



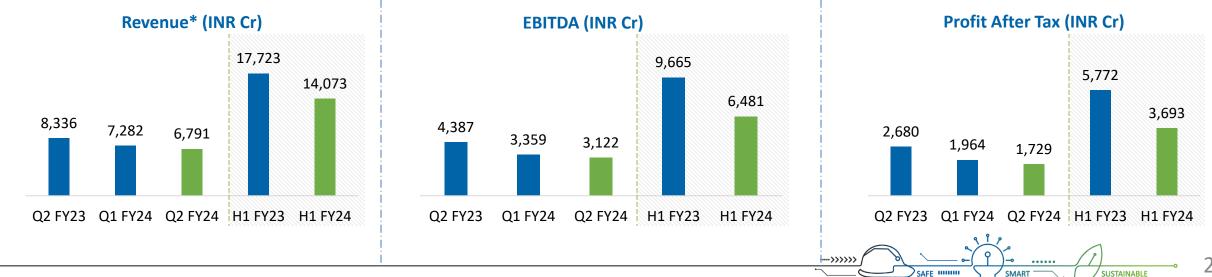


Q2 FY24

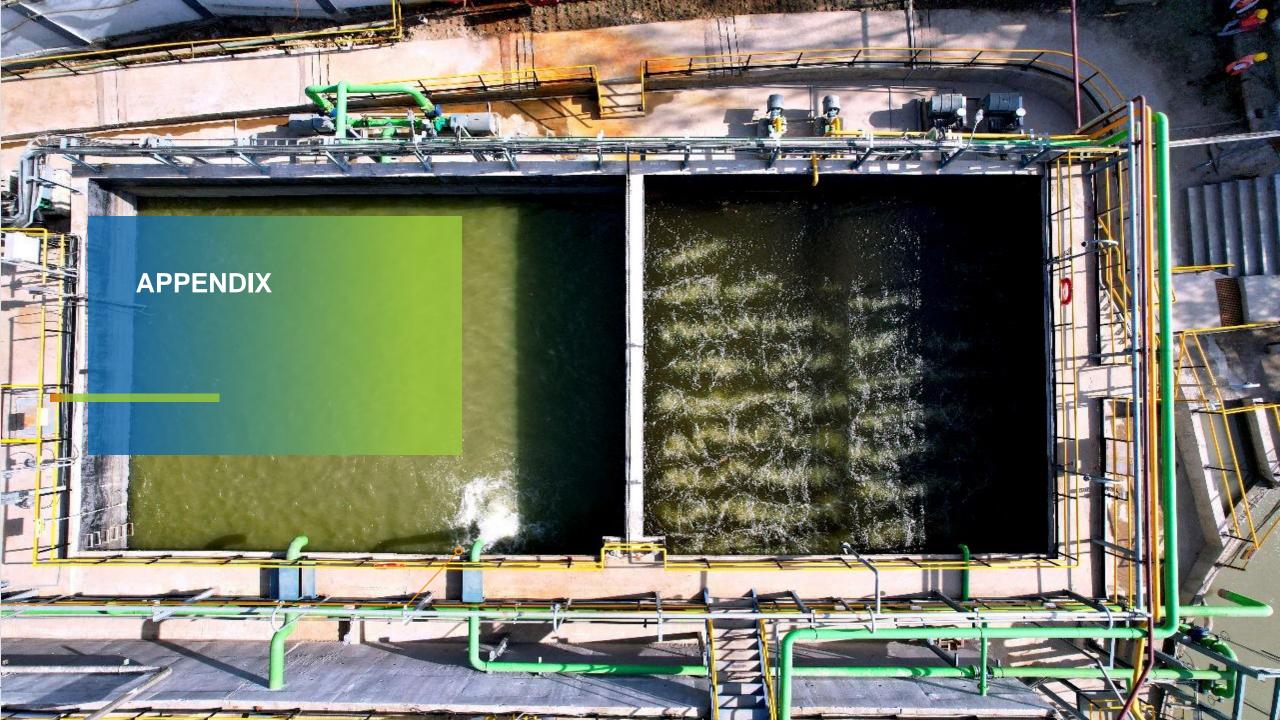
- Revenue* down 19% y-o-y, due to significantly lower zinc LME, lower zinc & silver volumes partly offset by higher lead & silver prices and favorable Fx rates
- EBITDA down 29% y-o-y, on account of lower zinc LME partly offset by lower costs and better lead & silver prices
- Consolidated PAT down 35% y-o-y, due to lower EBITDA partly offset by lower tax expense
- Effective tax rate of c.25% for Q2 FY24

H1 FY24

- Revenue* down 21% y-o-y, on account of significantly lower zinc LME, lower metal & silver volumes partly offset by higher lead & silver prices and favorable Fx rates
- EBITDA down 33% y-o-y, on account of lower revenue partly offset by cost improvement
- Consolidated PAT down 36% y-o-y, due to lower EBITDA partly offset by lower tax expense
- Effective tax rate of c.25% for H1 FY24



HINDUSTAN ZINC LIMITED – Q2 FY24 INVESTOR PRESENTATION *Revenue from operations including other operating income

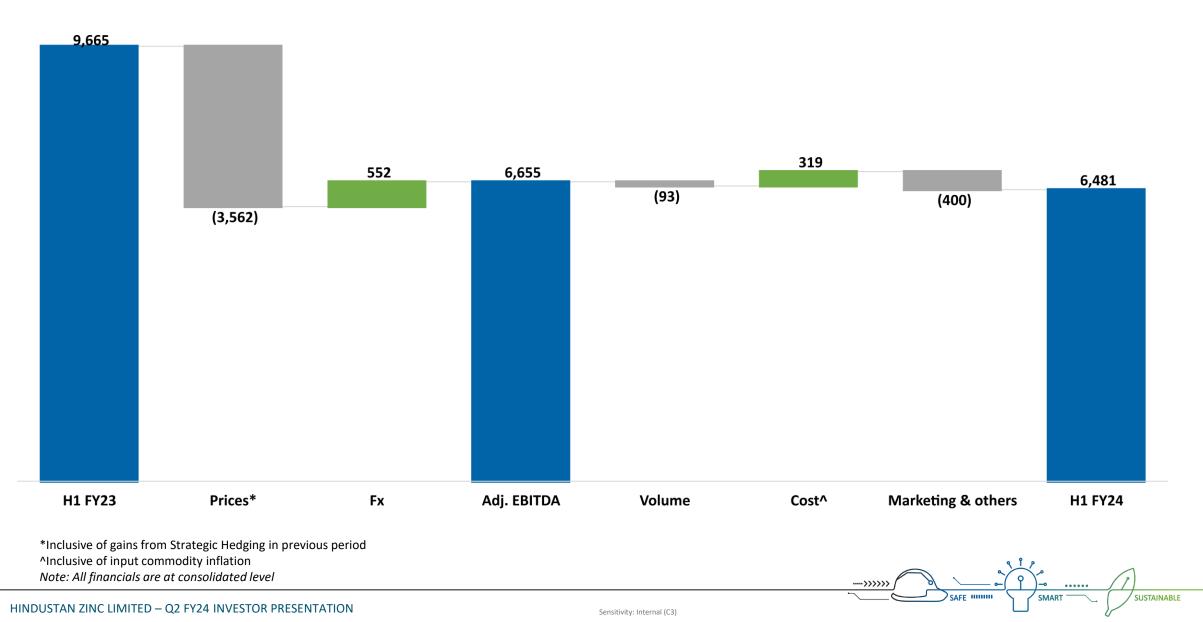


EBITDA Bridge (H1 FY24 vs H1 FY23)



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(All figures in INR Cr unless stated otherwise)

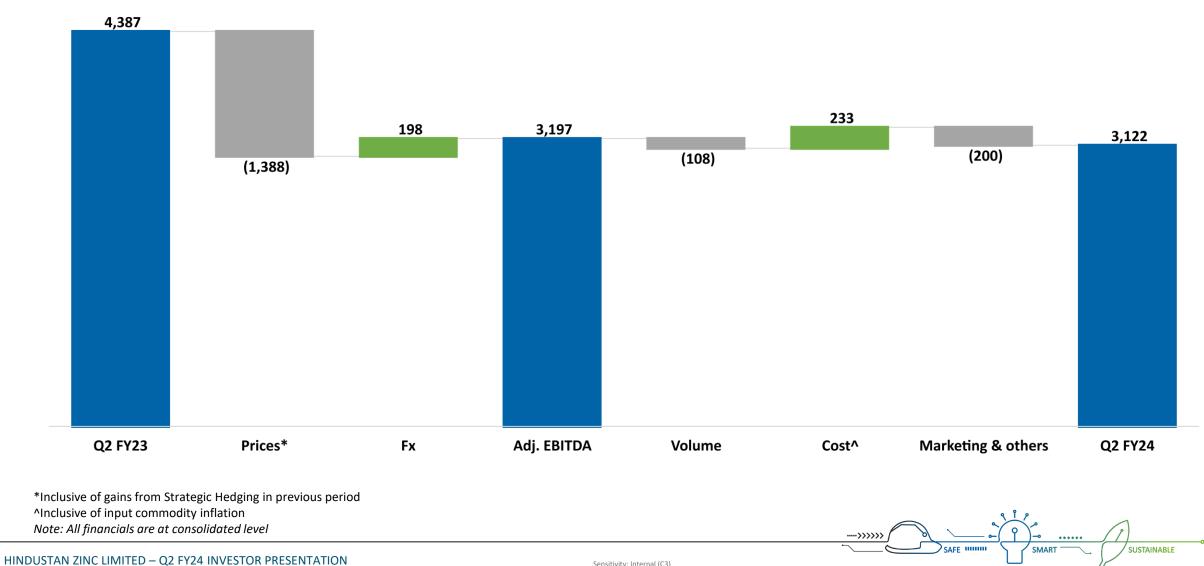


EBITDA Bridge (Q2 FY24 vs Q2 FY23)



28

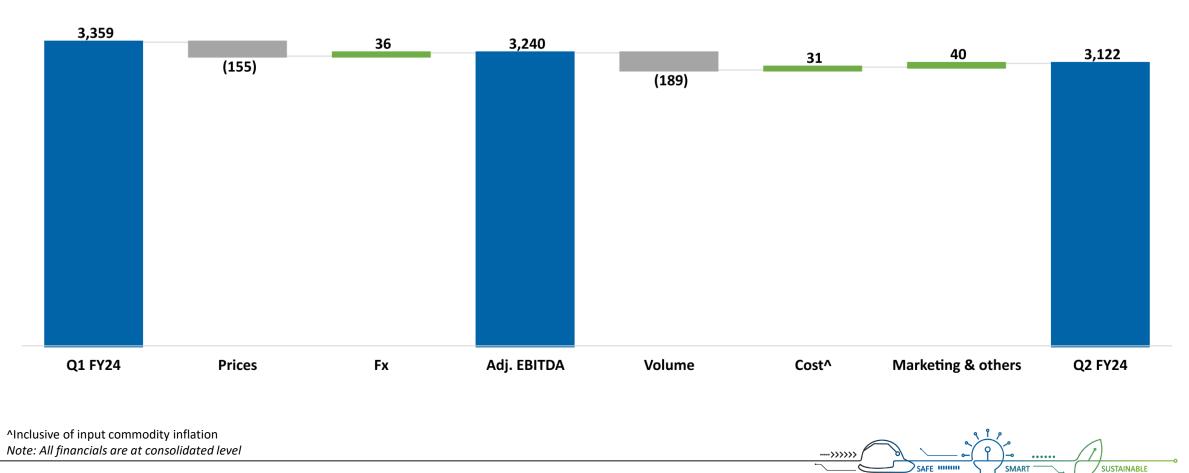
(All figures in INR Cr unless stated otherwise)



EBITDA Bridge (Q2 FY24 vs Q1 FY24)

HINDUSTAN ZINC Zinc & Silver of India

(All figures in INR Cr unless stated otherwise)

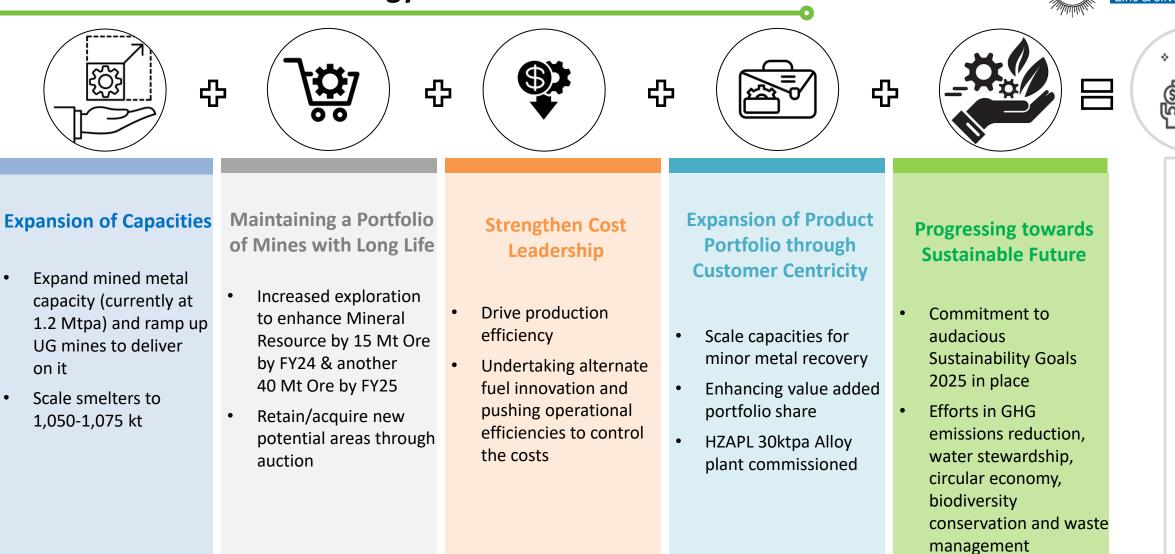


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Fundamental Growth Strategy





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VALUE

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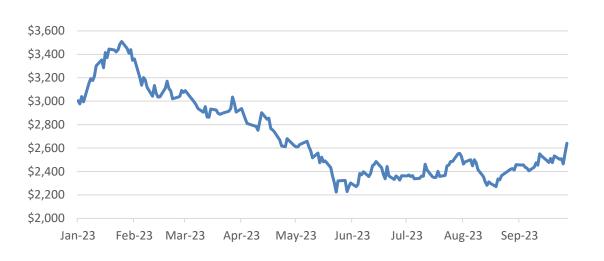
- Zawar group of mines has been awarded the CII National Award in Innovation Project Category for Environment Best Practices
- Hindustan Zinc's Dariba Smelting Complex won Platinum Award at Apex India Occupational Health and Safety Awards 2023 in Metal & Mining Sector
- Sindesar Khurd Mine won Mining Innovation Award by Federation of Indian Mineral Industries
- Hindustan Zinc recognized at ET Edge Times Group 6th Edition of the Iconic Brands of India Conclave
- HZL's Sakhi Utpadan Samiti recognized by BW Emerging Business Summit & Awards & India CSR & Sustainability Conclave
- Hindustan Zinc's 7 locations won the Bhamashah Vibhushan Award for educational initiatives/projects
- Hindustan Zinc Triumphs at Quality Concept Forum of India, Rajsamand Chapter under three categories: Allied Concepts, Kaizen, and Quality Circle
- HZL's Management recognized with 'Top 30 CEOs of India' list by StartupLanes, 'India's Impactful CXO' by ET Edge, Dun & Bradstreet Finance Elite 2023, 'Top 20 CSR Leaders' at the 4th ESG Summit & Awards 2023, MGMI Award of Excellence for Non-Coal Mining



HINDUSTAN ZINC LIMITED - Q2 FY24 INVESTOR PRESENTATION

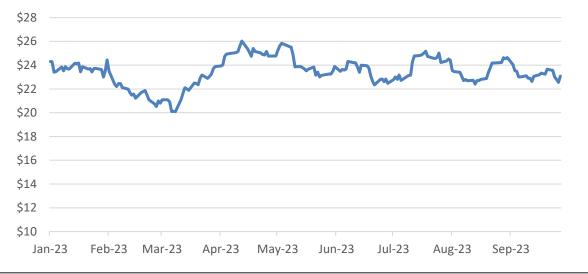
Metal Prices and Exchange Rate trends





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











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THANK YOU





HINDUSTAN ZINC LIMITED

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