



HINDUSTAN ZINC
Zinc & Silver of India

Q2 FY2023 Earnings Presentation

October 2022



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1. Key Highlights

2. Business Update – Mr. Arun Misra, CEO HZL

3. Financial Update – Mr. Sandeep Modi, Interim CFO HZL



H1 FY23

507 kt
(up 8% y-o-y)
Mined Metal

506 kt
(up 13% y-o-y)
Refined Metal

371 MT
(up 19% y-o-y)
Saleable Silver

Q2 FY23

255 kt
(up 3% y-o-y)
Mined Metal

246 kt
(up 18% y-o-y)
Refined Metal

194 MT
(up 28% y-o-y)
Saleable Silver



H1 FY23

INR 17,723 Cr

(up 40% y-o-y)

Revenue

INR 9,665 Cr

(up 40% y-o-y)

EBITDA

INR 5,772 Cr

(up 44% y-o-y)

Profit After Tax

Q2 FY23

INR 8,336 Cr

(up 36% y-o-y)

Revenue

INR 4,387 Cr

(up 32% y-o-y)

EBITDA

INR 2,680 Cr

(up 33% y-o-y)

Profit After Tax



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Macro Environment - Demand Drivers

- Key macro factors that are likely to impact demand:
 - Rising interest rates & higher energy prices
 - Inflation leading to decline in consumer & business spending
 - Higher input prices & supply constraints
- Domestic zinc demand - Stable in H1
 - Structure, pipe & alloy segment witnessed robust growth as project orders which were stalled earlier resumed
- Domestic lead demand remains strong
 - Supported by automotive demand specially heading into the festive season
 - Industry battery segment also robust on back of replacement demands from data centers, banks, ATMs etc.
- Silver demand witnessed an uptick owing to lowering of prices and upcoming festive season

Global Supply Situation

- Smelters in Europe put into care & maintenance due to continuously increasing energy prices
- Zinc inventories in LME warehouses witnessed a steep decline of ~61% from the start of FY23
- Lead inventories in LME warehouses witnessed a drop of ~15% from the start of FY23
- Lead residue from zinc smelters, a source of lead smelter feed is lower in Europe due to zinc smelters' curtailments



Sustainability Goals 2025

Sustainability Goal 2025

Status

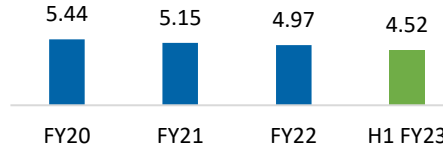
Major Actions

Climate Change



- 0.5MN tCO₂e GHG emission savings in our operations from base year 2017

GHG intensity (Scope 1 + 2)/ MT



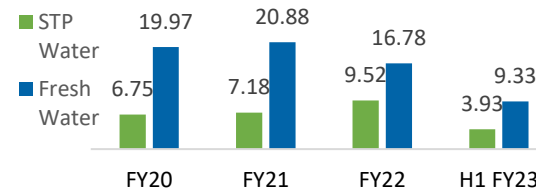
- 200 MW renewable energy RTC
- 100% RE power consumption at Pantnagar Metal Plant (PMP)
- Turbine Revamping
- Use of Biomass in power plant
- Energy Efficiency programs/ ISO 50001 certification
- Adoption of EV (Mining fleet)

Water Stewardship



- 5x water positive company & achieve 25% reduction in freshwater

Water Consumption (Mn m3)



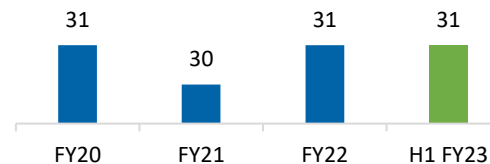
- Utilization of STP treated water
- Maintaining Zero discharge across sites
- Dry Tailing plant
- Rainwater Harvesting

Circular Economy



- 3x increase in gainful Utilization of smelting process waste

Waste Recycling %



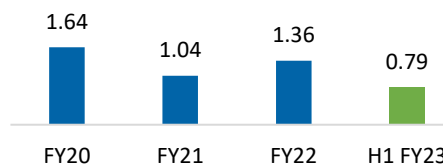
- Fumer for Hydro Smelters
- 100% utilization of Jarosite in Cement from DZS
- Jarofix utilization in road construction
- Metal recovery from waste

Biodiversity Conservation



- Protect and enhance biodiversity throughout the life cycle

Plantation (Lacs)



- Three years engagement with IUCN
- Miyawaki Afforestation
- Restoration of Jarofix Yard
- 1 Million Plantation drive
- Wildlife conservation plan

Sustainability Goals 2025

	Sustainability Goal 2025	Status	Major Actions															
<div>Zero Harm</div> <div></div>	<ul style="list-style-type: none">Zero Work-related fatalities and 50% reduction in TRIFR	<p>7 Fatalities</p> <p>TRIFR</p> <table><thead><tr><th>Period</th><th>TRIFR</th></tr></thead><tbody><tr><td>FY20</td><td>2.70</td></tr><tr><td>FY21</td><td>2.57</td></tr><tr><td>FY22</td><td>2.22</td></tr><tr><td>H1 FY23</td><td>2.35</td></tr></tbody></table>	Period	TRIFR	FY20	2.70	FY21	2.57	FY22	2.22	H1 FY23	2.35	<ul style="list-style-type: none">Critical Risk Management / FSIPPCommunity of practice: Structural IntegrityInfrastructure and AutomationSafety Governance structure for BPElimination of High-Risk Manual activitiesIndustrial Hygiene- QLEA and QNEAStrengthening of Emergency Preparedness					
Period	TRIFR																	
FY20	2.70																	
FY21	2.57																	
FY22	2.22																	
H1 FY23	2.35																	
<div>Social Impact</div> <div></div>	<ul style="list-style-type: none">1 Million Positively impacting lives through social, economic and environmental	<p>CSR Outreach (Beneficiaries) in Mn</p> <table><thead><tr><th>Period</th><th>CSR Outreach (Beneficiaries) in Mn</th></tr></thead><tbody><tr><td>FY20</td><td>0.5</td></tr><tr><td>FY21</td><td>0.7</td></tr><tr><td>FY22</td><td>1.4</td></tr><tr><td>H1 FY23</td><td>0.9</td></tr></tbody></table>	Period	CSR Outreach (Beneficiaries) in Mn	FY20	0.5	FY21	0.7	FY22	1.4	H1 FY23	0.9	<ul style="list-style-type: none">Outreach 234 villages; ~1 Mn beneficiaries through sustained CSR initiativesStrengthening the local economyPromoting Skilling & Education in the regionImproving quality of life of communities around us					
Period	CSR Outreach (Beneficiaries) in Mn																	
FY20	0.5																	
FY21	0.7																	
FY22	1.4																	
H1 FY23	0.9																	
<div>Diversity & Inclusion</div> <div></div>	<ul style="list-style-type: none">30% Diversity in an Inclusive and diverse workplace	<p>27.4% women in new hires</p> <p>Gender Diversity Trend (%)</p> <table><thead><tr><th>Period</th><th>Gender diversity in Executives (%)</th><th>Overall Gender Diversity (incl. Non Exec) (%)</th></tr></thead><tbody><tr><td>FY20</td><td>14.4</td><td>10.2</td></tr><tr><td>FY21</td><td>14.7</td><td>10.8</td></tr><tr><td>FY22</td><td>15.7</td><td>11.8</td></tr><tr><td>H1 FY23</td><td>18.7</td><td>14.6</td></tr></tbody></table>	Period	Gender diversity in Executives (%)	Overall Gender Diversity (incl. Non Exec) (%)	FY20	14.4	10.2	FY21	14.7	10.8	FY22	15.7	11.8	H1 FY23	18.7	14.6	<ul style="list-style-type: none">Improving Diversity - Gender, sexual orientation, specially abled, regional diversity-First member from LGBTQ community onboardedSensitization workshop for Diversity and InclusionRolled out various women professional development programmesEffective employee engagement programme
Period	Gender diversity in Executives (%)	Overall Gender Diversity (incl. Non Exec) (%)																
FY20	14.4	10.2																
FY21	14.7	10.8																
FY22	15.7	11.8																
H1 FY23	18.7	14.6																
<div>Responsible Sourcing</div> <div></div>	<ul style="list-style-type: none">100% Responsible sourcing in the supply chain		<ul style="list-style-type: none">Suppliers Due DiligenceIncorporating ESG criteria into the commercial process<ul style="list-style-type: none">ESG questionnaire in Prequalification criteriaStandard ESG expectations in the contractsCarbon pricing in Commercial processTarget to increase local procurement															



Hindustan Zinc's signed a Power Delivery Agreement (PDA) for the implementation of RE Power Projects

- HZL has executed a long-term PDA to receive RE Power aggregating up to ~200 MW with Special Purpose Vehicle, namely Serentica Renewables India 4 Private Limited (Serentica), an end-to-end energy solutions company
- This will enable HZL to receive uninterrupted renewable energy at a pre-determined rate evaluated from a transfer pricing perspective
- Hindustan Zinc has invested INR 105 Crore in Q2 FY23 under the Group Captive Scheme



Hindustan Zinc's Pantnagar Metal Plant Sourcing 100% Power from Green Power Supply

- HZL is marching ahead towards the fulfilment of its commitment towards achieving Net Zero
- Pantnagar Metal Plant (PMP) has begun operations using 100% renewable energy produced from hydropower
- This makes PMP the First Unit of Vedanta which is sourcing 100% Green Power Supply for its operations.

Projected carbon emission reduction
from RE transition at PMP

37,936 MT of CO₂e
(~7.5% of our Sustainability Goals 2025 target)



Communities

~0.9 Million beneficiaries across 22 HZL wide programs in H1 FY23

Education

- Nearly 0.2 Million people benefitted
- 61% children out from SAM/MAM* category
- Month long learning camps for board classes & onboarded 78 volunteers
- 8 Initiatives

Sustainable Livelihood

- More than 6,000 people benefitted
- Skill development: 402 trainees completed trainings, 373 trainees placed/self-entrepreneurs and 353 youth undergoing training
- 2 Initiatives

Women Empowerment

- More than 29,000 people benefitted
- 14 Sakhi Seva Kendra initiated to provide services & share information to access govt. schemes
- 2 Initiatives

Health

- Nearly 0.1 Million people benefitted
- 2,024 OPDs with 29,883 unique patients & footfall of 72k+ community members
- 4 Initiatives

Water

- More than 46,000 people benefitted
- Water Augmentation project at 3 villages; 66,732 CUM water storage capacity enhanced
- 2 Initiatives

Community Asset Creation

- Nearly 0.3 Million people benefitted
- Rural, Education & Water Infra strengthened
- 3 Initiatives

Sports and Culture

- 180 boys benefitted
- Sahil Poonia inducted into Indian Team U/17 as the star Goalkeeper
- 2 Community school program initiated in Zawar
- 1 Initiative

Volunteering

- 445 volunteers contributed, generating 6,659 manhours and 148 employees engaged generating 332.5 engagement hours.



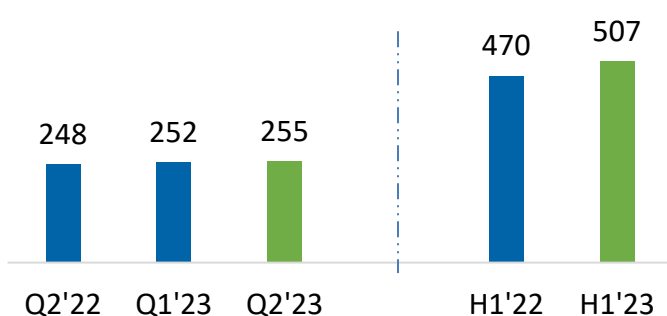
*Severe Acute Malnutrition & Moderate Acute Malnutrition

Operational Review

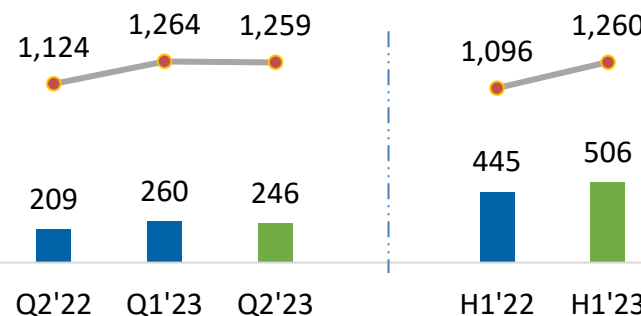
- Q2 FY23 Mined Metal up 3% y-o-y; on account of better grades & improved mill recoveries
- Q2 FY23 Refined Metal* up 18% y-o-y; led by improved smelter performance & better mined metal availability
- Q2 FY23 Silver production up 28% y-o-y; in line with lead metal production and WIP liquidation
- Q2 FY23 Zinc COP increased 12% y-o-y on account of input commodity inflation partly offset by op. efficiencies

- H1 FY23 Mined Metal up 8% y-o-y; driven by increased ore production, better grades & improved op. efficiency
- H1 FY23 Refined Metal* up 13% y-o-y; due to consistent mined metal flow from mines & better plant availability
- H1 FY23 Silver production up 19% y-o-y in line with Lead production
- H1 FY23 COP increased 15% y-o-y on account of input commodity inflation partly offset by op. efficiencies

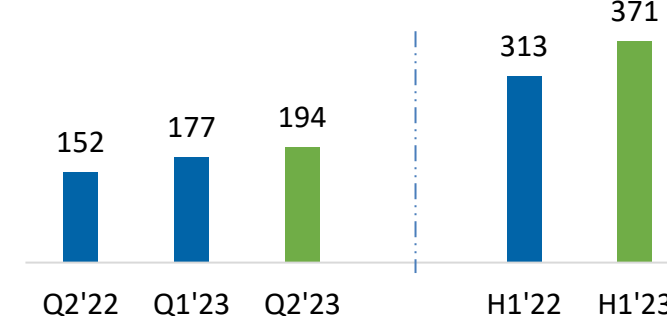
Mined Metal (kt)



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



Saleable Silver (MT)



(*Production impacted due to breakdown of an acid storage tank at Chanderiya plant in Q2 FY23)



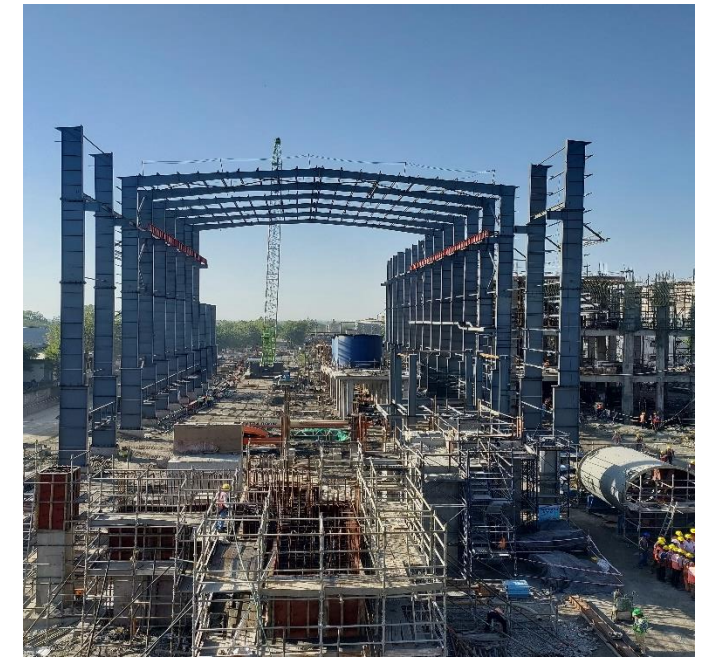
Projects Update

For Fumer commissioning, NFC team arrived at site and cold commissioning of the equipment was completed. Few experts team is already at site & further visa process for few of the OEM & NFC experts is under advanced stage. We expect Fumer commissioning to be completed by end of Q3 FY23.



For Hindustan Zinc Alloys Private Limited (HZAPL) all orders have been placed and civil jobs are in advanced stage at the site. We expect the commissioning to be completed by Q4 FY23.

Rajpura Dariba Mill civil construction is in advance stage & Mechanical and E&I works have already started and commissioning is expected to be completed by early Q4 FY'23.



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Financial Snapshot

(All figures in INR Cr unless stated otherwise)

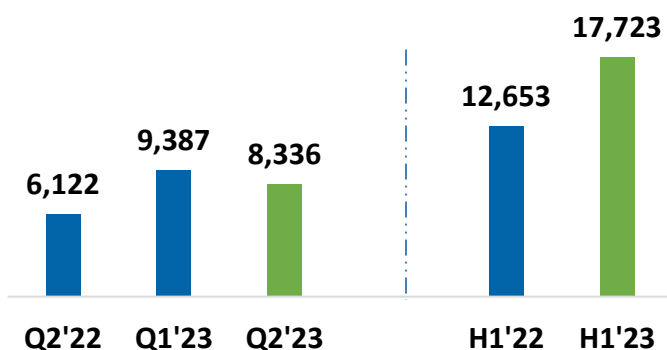
 Revenue		 EBITDA		 Profit After Tax	
H1 FY23	Q2 FY23	H1 FY23	Q2 FY23	H1 FY23	Q2 FY23
17,723	8,336	9,665	4,387	5,772	2,680
 Cash and Cash Equivalents		 EBITDA Margin		 Earnings per Share	
17,807		H1 FY23	Q2 FY23	H1 FY23	Q2 FY23
		55%	53%	INR 13.66	INR 6.34

Financial Review

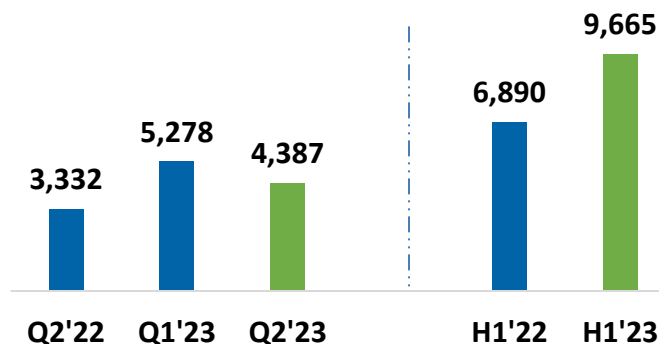
- Q2 FY23 Revenue up 36% y-o-y; driven by higher metal & silver volume, gain from strategic hedging, Zinc LME & favorable Fx rates partly offset by lower Lead & Silver LME
- Q2 FY23 EBITDA up 32% y-o-y; led by higher revenue partly offset by the higher cost majorly due to input commodity inflation
- Q2 FY23 Consolidated PAT up 33% y-o-y; led by higher EBITDA and Effective Tax Rate of ~32% for Q2 FY23

- H1 FY23 Revenue up 40% y-o-y; led by higher volume of metal & silver, Zinc LME, gain from strategic hedging and favorable Fx rates partly offset by lower LME of Lead & Silver
- H1 FY23 EBITDA up 40% y-o-y; led by higher revenue partly offset by the higher cost majorly due to input commodity inflation
- H1 FY23 Consolidated PAT up 44% y-o-y; led by higher EBITDA partly offset by increase in Tax and D&A
- Effective tax rate of ~33% for H1 FY23

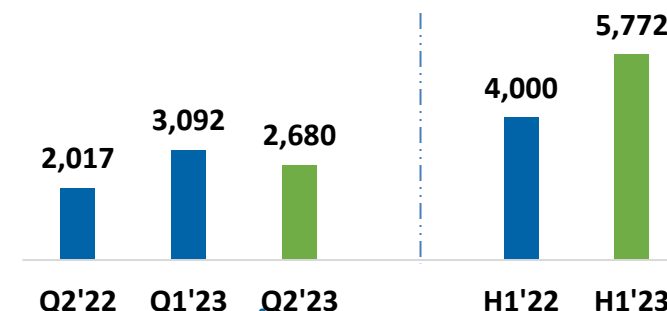
Revenue (INR Cr.)



EBITDA (INR Cr.)

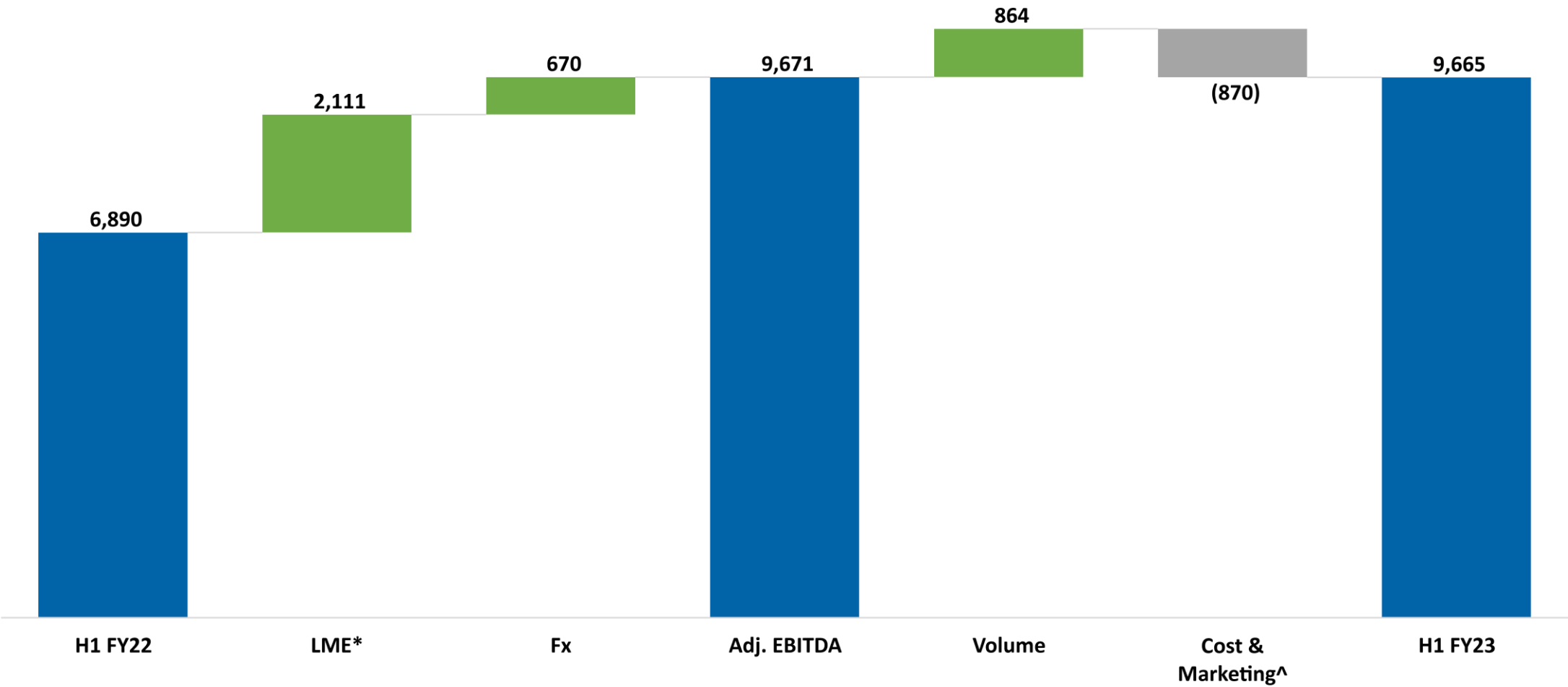


Profit After Tax (INR Cr.)



EBITDA Bridge (H1 FY2023 vs. H1 FY2022)

(All figures in INR Cr unless stated otherwise)



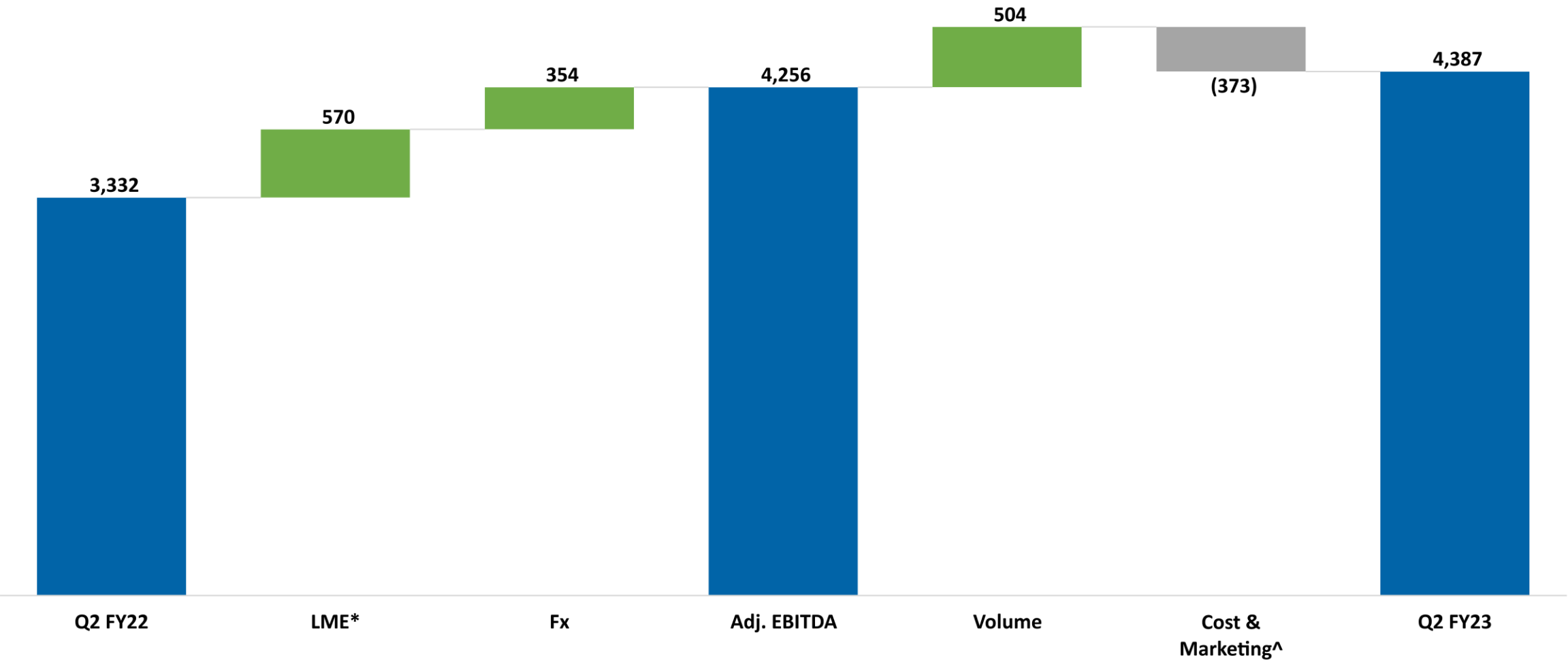
*Inclusive of gains from Strategic Hedging

^Inclusive of input commodity inflation



EBITDA Bridge (Q2 FY2023 vs. Q2 FY2022)

(All figures in INR Cr unless stated otherwise)



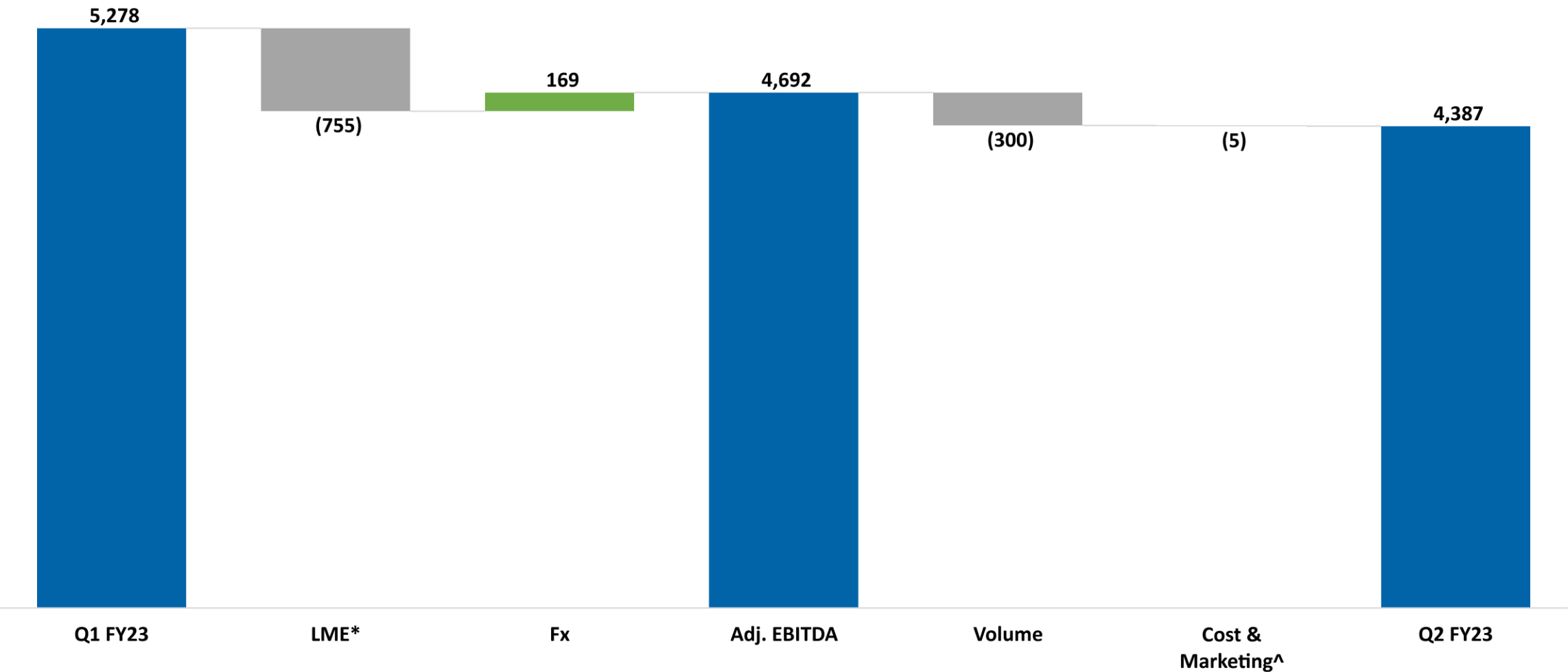
*Inclusive of gains from Strategic Hedging

^Inclusive of input commodity inflation



EBITDA Bridge (Q2 FY2023 vs. Q1 FY2023)

(All figures in INR Cr unless stated otherwise)



*Inclusive of gains from Strategic Hedging

^Inclusive of input commodity inflation



Awards and Accolades

Dariba Smelting Complex is awarded with Five Star Grading by British Safety Council Occupational Health and Safety Audit

Triple Sweep at GreenCo Summit 2022 - Dariba Smelting Complex (Gold rating), Chanderiya Lead Zinc Smelter (Gold rating), Debari Zinc Smelter (Silver Rating)

Awarded in the “Oriented Award” category at the 3rd Edition of the CII Climate Action Programme (CAP) 2.0^o

Won the prestigious PeopleFirst HR Excellence Awards this year in the categories of “Leading Practices” in Diversity & Inclusion Initiatives and “Leading Practices” in Talent Management

Outlook for FY2023

Mined Metal Production

1,050-1,075 kt

Refined Metal Production

1,000-1,025 kt

Saleable Silver Production

700-725 MT

Zinc COP

US\$ 1,225-1,275 per MT

Project Capex

US\$ 125-150 Million



THANK YOU



vedanta
transforming for good



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