

HZL/2024-25/SECY/178

January 30, 2025

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor Plot No., C/I, G Block
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051

Kind Attn: General Manager – Department
of Corporate Services

Kind Attn: Head Listing & Corporate
Communication

Scrip Code: 500188

Trading Symbol: “HINDZINC”

Dear Sir/Ma’am,

Sub: - Earnings call Transcript for the third quarter and nine months ended December 31, 2024

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the earnings call held on Tuesday, January 28, 2025, with regard to the financial performance of the Company for the third quarter and nine months ended December 31, 2024. The same is also made available on the Company’s website at <https://www.hzlindia.com/investors/reports-press-releases/>.

You are requested to take the above information on record.

Thanking You,

Yours faithfully,
For **Hindustan Zinc Limited**

Aashima V Khanna
Company Secretary & Compliance Officer

Enclosed: as above



HINDUSTAN ZINC
Zinc & Silver of India

“Hindustan Zinc Limited Q3 and 9 months FY25 Earnings Call”

January 28, 2025



HINDUSTAN ZINC
Zinc & Silver of India



**MANAGEMENT: MR. ARUN MISRA – CEO & WHOLE-TIME DIRECTOR,
HINDUSTAN ZINC LIMITED
MR. SANDEEP MODI – CFO, HINDUSTAN ZINC
LIMITED
MS. RAKSHA JAIN – DIRECTOR (INVESTOR
RELATIONS), HINDUSTAN ZINC LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9 months FY25 Earnings Call of Hindustan Zinc.

As a reminder, all participant 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.

I now hand the conference over to Ms. Raksha Jain – Director of Investor Relations of Hindustan Zinc Limited. Thank you, and over to you, Ms. Jain.

Raksha Jain: Thank you, Sagar, and good evening, ladies and gentlemen. Thank you for joining us today to discuss the 3rd Quarter and Nine-Month Results of FY25.

In this call, we will refer to our Investor Presentation available on our Company's website. Please note that today's entire discussion will be covered by the Safe Harbor Clause mentioned on slide two of the presentation. Today, we have our CEO – Mr. Arun Misra and CFO – Mr. Sandeep Modi.

The Management will be discussing the “Operational” and “Financial Updates” for the quarter followed by a Q&A session. Now, I would like to invite Mr. Arun Misra to present the results. Over to you, sir.

Arun Misra: Thank you, Raksha. A very good afternoon to all of you. Thank you for joining us today for the 3rd Quarter and nine months FY25 Results briefing.

This quarter has been a historic 3rd Quarter in terms of Financial Performance, and we delivered highest ever mined metal and refined metal production on a 9-month basis. Globally, zinc production was flat in the last 5 years. However, the growth of Indian demand was at CAGR 5% and so was the production growth of HZL. We feel we are in the right place at the right time with a competitive cost advantage to unleash benefit from stable LME and silver prices. This exceptional performance was driven by our operational excellence, with a strong focus on safety and continuous improvement across all areas.

I am proud to announce that once again we have been recognized as the global leader in sustainability among 248 metals and mining companies in the S&P Global Corporate Sustainability Assessment 2024. Furthermore, with the release of our 4th edition Climate Action Report, Hindustan Zinc has been the first Company in the metals and mining sector to achieve this distinction. We firmly believe that a strong safety culture is key to driving operational excellence. This quarter we recorded zero fatalities.

On sustainability front, against the target of 0.5 million tons CO₂ emission reduction, we have achieved 0.4 million tons of CO₂ emissions. With the increased use of renewable energy and

eco-friendly battery vehicles in our mines, we are on track to achieve the decarbonizing target by 2050. Both zinc and silver are important for the global transition to low carbon future, be it energy storage solutions, renewable energy technologies, electric vehicles, and infrastructure offering a sustainable alternative to large scale storage and clean energy production. The global shift towards clean energy, making zinc and silver indispensable and the demand for both zinc and silver is expected to rise significantly.

Moving to the Market Update:

While Indian economy is expected to register 6.4% GDP growth in FY2025, we see healthy demand for zinc in domestic market and our market share remained healthy at 77%. In 2025, global steel demand is expected to grow by 0.5-1.5%, whereas India is expected to lead the steel demand growth underpinned by its expanding infrastructure and construction projects, eventually increasing the demand for zinc and making India the third largest zinc consumer globally. During the quarter, the zinc and silver prices rose significantly by 16% and 27% year-on-year respectively, with the silver price touching its highest of \$34.51 per troy ounce during the quarter.

The global refined zinc market is forecasted to remain in deficit in 2025 with a significant increase in demand, partly offset by increased production in Europe. This deficit is also expected in the refined silver market with growing industrial use cases benefiting especially from renewable energy initiatives and automotives etc. thereby reflecting a bright outlook for silver in foreseeable future. During the 3rd Quarter, we produce 265,000 tons of mine metal, up 3% sequentially in line with higher ore production and higher mine metal grades. We have enhanced the mine development by 14% sequentially to around 25 km, preparing the mine to be future ready. We reported refined metal production of 259,000 tons, slightly down sequentially due to maintenance activities. Despite all these, on 9-month basis, we have recorded our highest ever mined metal and refined metal production this year. The 9-month mined metal production stood at 784,000 tons and refined metal production stood at 783,000 tons in line with better plant availability and operational parameters. With the given record 9-month performance and proven run rate, we are confident on achieving the full year volume guidance for the mined metal and refined metal production.

As silver remains a significant contributor to our profitability, with over 20x growth in the past two decades, we continue to maintain a leading position being third largest silver producer globally. As you all know that we have indigenously commissioned Fumer facility to generate wealth from the waste, leveraging a first of its kind technology in India. Since COVID, we have been facing challenges in getting visa for our Chinese partners and we were facing some operational challenges as well. Therefore, we took strategic maintenance shutdowns which have been concluded in January and the plant operations have been resumed. On the other hand, we are also hopeful on issuance of Chinese visas based on discussions with the government given the strategic importance of silver in India. Post this, we are hopeful to achieve the silver production of around 32 tons from Fumer on annual basis.

Considering the shutdown of the plant in Quarter 3 and some changes in the mine sequencing in the SK Mine as per geotechnical situations, we will achieve silver production between 700 to 710 tons during the current year. Our zinc COP for the quarter stood at US \$1041 per ton, lower by 5% year-on-year driven by improved metal grades, better domestic coal availability, increased renewable energy usage, higher acid realization, softened coal and input commodity prices and operational efficiencies. This demonstrates our efforts are on the right path of achieving our target of \$1000 per ton for the cost of production. Through a focused approach to significantly reducing costs alongside operational excellence, we have achieved a strong financial performance, recording the highest ever 3rd Quarter revenue and EBITDA. Our profit after tax stood at Rs. 2678 crore, reflecting an impressive growth of 32% compared to an 18% increase in total revenue driven by cost reduction.

In conclusion:

We are dedicated to expanding our capabilities with a focus on growing our R&R base to strengthen our global positioning. Our efforts will remain focused on broadening our portfolio in emerging areas such as minor metal recovery and value-added products all through sustainable methods to drive greater value for our shareholders.

With this, I now hand over to Sandeep for an update on the financial performance.

Sandeep Modi:

Thank you, Mr. Misra, and a very good evening, everyone. Despite facing high inflation and global uncertainties, the Indian economy demonstrated remarkable resilience in the year 2024, making it the world's fastest growing major economy, characterized by strong GDP growth, substantial foreign exchange reserve and a record level of FDI inflows. With it being on a fast track to become the third largest economy in terms of real GDP by 2030, the World Bank recently projected that India's growth will remain robust in FY26 and 27. The base metal sector experienced a volatile 2024, starting the year as a weak performing asset class. However, in the later half of the year, it rebounded, driven by global demand for the metal used in the artificial intelligence and green energy transitions. Gold and silver stood out by reaching record high levels. Overall, both base metal and precious metal ended the year in positive territory, reflecting optimism about their long-term demand outlook.

Considering the demand growth we have witnessed in 2024, reflecting in the commodity prices and economic growth, the year till date has been our best ever performance in terms of mined metal and refined metal production. With the continued focus on the stringent cost control and surge in the commodity prices, in double digits we achieved highest ever 3rd Quarter revenue and EBITDA with 10-quarter best EBITDA margin of around 53%, up 400 bps over last year. Our market share in India has also increased to 77%.

During the 3rd Quarter, our total revenue from operation stood at 10-quarter best figure of Rs. 8,614 crore which is also ever highest 3rd Quarter revenue, up 18% YoY in line with better zinc and silver prices, further supported by strong dollar and marginally offset by lower lead and

silver volume and lead prices. For the year till date, the total revenue from operations stood at Rs. 24,996 crores, up 17% YoY, driven by record metal production, higher zinc and silver prices, stronger dollar was partly offset by lower silver and lead prices. We achieved highest ever 3rd Quarter EBITDA of Rs. 4539 crores, up 28% YoY in line with strong volume, higher realization and lower cost of production.

This quarter, our Hindustan Zinc Alloy Private Limited, a 100% subsidiary of Hindustan Zinc has also achieved an annualized run rate of generating EBITDA of Rs. 150 crores against the overall investment of around Rs. 200 crores delivering on track payback of less than 2 years. For the 9 months, the EBITDA stood at Rs. 12,649 crores, up 26% YoY through record metal production volume, higher realization and lower cost of production though partly offset by lower silver volume as already highlighted by Mr. Misra. The Zinc COP excluding royalty stood at 15-quarter lowest figure of \$1041 per ton during the quarter with 4-year best cost of production of \$1073 per ton for the 9 months. This indicates our progress towards recording a 4-year lowest cost for the full year and confident enough on achieving the full year cost guidance towards its lower band. Our growth projects, Debari Roaster 160ktpa and Fertilizer is going well. We spent Rs. 1024 crores in growth as well as in sustaining CAPEX during the quarter. We have delivered healthy free cash flow pre CAPEX of Rs. 2628 crores in 3rd Quarter and Rs. 9664 crores on a 9-month basis. We reported our 9th quarter best profit after tax of Rs. 2678 crores, up 32% YoY in line with higher EBITDA. For the 9 months, profit after tax stood at Rs. 7,350 crores, up 28% YoY. The effective tax rate for the quarter is 24%.

Supporting the government's effort to empower the MSME sector, we have prioritized payments to MSME vendors, achieving an average cycle of 18 days, which is 60% faster than the statutory requirement. This underscores our commitment to ESG principles and strengthens trust in our supply chain through enhanced social responsibility. This year again, we have continued our legacy of ensuring highest level of corporate governance and transparency in the reporting practices. I am proud to share that Hindustan Zinc's integrated annual report for the financial year 24 was recognized as one of the top integrated annual report in India and won gold award with the top 50 rank worldwide at the LACP USA Spotlight Awards. Overall, we achieved strong performance for the quarter and the nine months, our focus on operational excellence and cost reduction is driving improved financial results. Our large-scale, low-cost operations consistently delivering industry-leading EBITDA margins and generating strong cash flow from operations. With the further increment in the share of renewable power in the overall power requirement, increased production volume and other recovery enhancement initiatives, we are confident of achieving the design cost of \$1,000 per ton. With the solid foundation for continued success, we position ourselves for future growth and maximizing value for all our shareholders.

Before I hand over to the operator, I am also happy to share that Company delivered superior total shareholder returns of around 62%, that is Rs. 181 per share in comparison to 10x of Nifty 50 and 13x of Nifty Metal Index. Our market cap also increased by Rs. 64,000 crores during this financial year.

With this, I now hand over to operator for Q&A. Thank you.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press “*” and 1 on their touch-tone phone. If you wish to remove yourself from the question queue, you may press “*” and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Again, you may press “*” and 1 to join the question queue. First question comes from the line of Amit Dixit from ICICI Securities. Please go ahead.
- Amit Dixit:** Yes, hi. Good evening, everyone and thanks for the opportunity. Congratulations for a good set of numbers this quarter. I have a couple of questions, sir. Is it possible to quantify the hedging gain in this quarter, the residual hedging quantity we have, and if there was any fresh exposure taken in this quarter?
- Sandeep Modi:** Hi Amit, Sandeep here, Good evening. So, we have an overall hedging gain in the 9 months locked in is Rs. 58 crores flowing to the P&L and remaining around Rs. 64 crore is lying in the other comprehensive income which will flow into P&L in the Q4. The open quantity is around 18000 tons of the zinc, rest all has been squared off.
- Amit Dixit:** Okay, no fresh exposure were taking on this quarter?
- Sandeep Modi:** No, no fresh exposure.
- Amit Dixit:** Okay, the second question is around the, in the prepared remarks, we mentioned that there was lower production due to maintenance-related shutdown. So, is it possible to quantify what kind of, in quantity terms, what would have been the loss?
- Arun Misra:** So, if we see 259 KT of metal, perhaps another 5-6 KT could have been added to it.
- Amit Dixit:** Okay sir, great. And given the level of LME prices at the moment, is it fair to assume that you know we will be running the combo smelter in zinc mode only because zinc prices appear to be quite favorable over lead?
- Arun Misra:** Absolutely. We will be continuing in the lead plus zinc mode only and also quarter four typically the mines are at their peak in producing concentrate and our best mines, best grade mines in Agucha are primarily being zinc mines. So, we will have more of zinc MIC and will be continuing and the prices are favorable. So, we should be continuing in that same mode only.
- Amit Dixit:** And the geotechnical issues that you alluded to in your prepared remarks are now averted in SK Mine?
- Arun Misra:** Geotechnical issues will come here and there in the mine, but we have got solid mechanism behind it to address along with international experts who work with us. So, while they may have little bit of issues while development, but I don't see big challenge here.

- Amit Dixit:** Okay, great sir. Thank you so much and all the best.
- Arun Misra:** Thank you.
- Moderator:** Thank you. Participants, you may press “*” and 1 to ask a question. Our next question comes from Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.
- Ashish Kejriwal:** Hi, good evening everyone. Thanks for the opportunity. Sir, quick three questions. First, you mentioned that you are still maintaining the overall mine metal production guidance as well as refined zinc guidance?
- Arun Misra:** Yes, of course. We are still holding on to it.
- Ashish Kejriwal:** Because that means the fourth quarter could be 350 around KT from 265 to 350 KT. Do you think that we will be able to manage that?
- Sandeep Modi:** So, Ashish, Sandeep here. So, it's a, I think if we do 316 KT of the mined metal, I am not sure how we are getting 350. If we do 316 KT of the mined metal, we can achieve the guidance and for the metal we need 290 KT and the roaster is getting commissioned in the mid of February, so we are quite confident to achieve both of those.
- Ashish Kejriwal:** Okay, that's great. Second question is in terms of royalty, is it possible to quantify how much royalty we have paid to our parent in nine months and three months respectively?
- Sandeep Modi:** So, it's around Rs. 650 crore for the full year.
- Ashish Kejriwal:** Okay, so we have already paid Rs. 650 crore for entire FY25?
- Sandeep Modi:** Yes, it's paid in advance and adjusted before the next payment is done.
- Ashish Kejriwal:** Yes, and sir lastly, last quarter also we said that we are working on to increase our capacity from 1.2 to something like 2 million tons and can give some kind of details. So, any progress on that front?
- Arun Misra:** We have almost finalized mining contractors because all said and done the mines need to be deepened, new levels to be opened up. So, whichever way we design the mine, we have to do that task with a no regret move. So, we are finalizing both the two Australian contractors and one Peruvian contractor, and that should happen in early February so that they can start mining in month of April. So, that will start adding more volume to next year's ore production. Second is expansion of smelters, current expansion of new roaster, which is getting commissioned in this quarter itself. And also we are finalizing the order for 250 KTPA of metal production capability in the smelter site. So, as the strategy that we are adopting, you won't hear one project of 2 million tons. You'll hear expansion projects being announced every now and then of some 250, sometimes another 250 KTPA, depending upon where we find it most suitable. And I am

sure first two steps are two mining contractors engaged in mines for deepening the mines and 250 KTPA order placement for expansion of smelters. That will be followed by many such steps.

Ashish Kejriwal: So, sir, is it possible if we can say, for example, next five years plan, year-wise, like we are 1.2 million ton mined metal right now and refined metal of 1.1. How we are stepping ahead and reach 2 million ton maybe five years, seven years, whenever? Year wise, obviously as you rightly pointed out, it can't be in a one go. But from 1.2, are we going to 1.35, 1.5? So, year wise, is it possible to share?

Arun Misra: You will be very correct. As I said, 250 KTPA, if I commission, 1.2 will go to 1.45 directly, which is close to 1.5. And then maybe we will look at another 500 KTPA plant, a 0.5 million ton plant to take the capacity to 2 million tons. That will be in one go. But the first figure is from 1.2 to 1.45 and commensurate mining. Once that establishes which I can see anywhere between 1 and up to 2.5 years' time which will take us to FY27, then we will see to take it from 1.45 to 2 million tons.

Ashish Kejriwal: Okay. So, one thing is sure that from 1.2 we are going ahead to 1.45 by FY27 or max FY28?

Arun Misra: Absolutely.

Ashish Kejriwal: Thanks, sir. Thank you and all the best.

Arun Misra: Thank you.

Moderator: Thank you. Participants you may press "*" and 1 to ask a question. The next question comes from the line of Manav Gogia from Yes Securities India Limited. Please go ahead.

Manav Gogia: Very good evening and thanks for the opportunity. So, one question I wanted to ask was on the Hindustan Zinc Alloy plant, could you quantify the amount of the EBITDA generated during this quarter?

Sandeep Modi: The EBITDA generated by Hindustan Zinc Alloy Private Limited is Rs. 43 crore during the Quarter 3 and profit after tax of Rs. 31 crore.

Manav Gogia: Okay, and what would be the annual run rate that we can expect on a full year basis?

Sandeep Modi: So, full year basis, we can expect at a peak capacity of around Rs. 200 crore EBITDA and since it's a new Company, the ETR will be 17.44%.

Manav Gogia: Got it. Thank you so much. So, one more question was, can you give me the blend of renewable energy and the total energy mix that we had? I think last quarter we were somewhere around 14% and we are guided to be between 25 to 30 during this particular quarter?

- Sandeep Modi:** Yes, so during this quarter also, it was around 15% in the overall total power, the renewable energy component was 15%.
- Manav Gogia:** Got it. Sure, so I will join back with you for more. Thank you so much.
- Sandeep Modi:** Thank you, Manav.
- Moderator:** Thank you. The next question comes from the line of Raashi Chopra from Citigroup. Please go ahead.
- Raashi Chopra:** Thank you. Just a couple of questions. On this renewable energy, will you still exit the fourth quarter at 25%?
- Arun Misra:** Renewable energy exit, we should be around between 18% to 20%.
- Raashi Chopra:** Okay, and I don't know if I missed this on this call, but the cost of production guidance for the full year, you still maintaining what you had given earlier?
- Arun Misra:** So, we had a guidance of 1050 to 1100 and we are maintaining the same guidance as I said in my talk track, we should be delivering towards the lower band of the guidance.
- Raashi Chopra:** Okay, just on the restructuring, I mean there were press articles which were suggesting that you had talks with the government. Have those concluded or they are still ongoing?
- Arun Misra:** No restructuring, no, government was busy on the OFS part, so we did not press for a demerger because both were interconnected as I had spoken at the last quarter board meeting and also in the meantime, the critical mineral mission was declared, more and more blocks were being announced. So, we focused our attention into bidding for new mineral blocks and the critical mineral mission and we were successful in four blocks, out of which one of course has been cancelled later on by the government of India. Three are with us. And this is another area we... This also adds to the enterprise value and hence the shares. So, we used that opportunity. In the meantime, government OFS of 1.5% has been done. If nothing else happens, then again we'll come back to talking about demerger.
- Raashi Chopra:** All right, and just one last question from me. On the dividend side, I mean, there has been a bit of a slowdown vis-à-vis what Vedanta has been announcing. So, is there any sort of change in dividend policy, or we can expect it to kind of resume?
- Sandeep Modi:** So, I think that there is no change in the dividend policy. The dividend policy remains 5% of the opening net worth, or the 30% of the profit. I think we have already delivered Rs. 12,000 crore for this financial year which is almost equivalent to the profit after tax of the full year. So, there is no change.
- Raashi Chopra:** Thank you.

- Moderator:** Thank you. The next question comes from the line of Shreyans Daga from Barclays. Please go ahead.
- Shreyans Daga:** Hi, thanks for the opportunity and congrats on a good set of numbers. I have one question on the Supreme Court ruling on mining cess last year. So, has Hindustan Zinc received any new demands for any kind of cess related to mining? And are you making any provisions for the rest of the year for any such demands?
- Arun Misra** So, Shreyans, I think we have been very, very ultra conservative and we provided Rs. 83 crore as a provision in the last quarter. And there has not been any demand on account of it. We will actually see whether to reverse in the subsequent quarters.
- Shreyans Daga:** Okay, that's it for me. Thanks.
- Moderator:** Thank you. A reminder to all the participants, if you wish to register for a question, please press “*” and 1 on your touchtone phone. The next question comes from the line of Shivani from Dolat Capital. Please go ahead.
- Shivani:** Yes, thank you for the opportunity. So, my question was regarding the silver production FY25 guidance was 750 to 775 tons, but 9M volume shows that the guidance might not be achieved. So, any impeding reason for the same and future prospect regarding the status of additional silver volumes from the Fumer?
- Arun Misra:** Although every year we do give a guidance, silver guidance when we give the guidance for COP, CAPEX and the metal volume, but all of us have to appreciate that silver is just a by-product and it is a reflection of the grade and what we are mining as on date. So, while you know it's since it's a by-product we would rather say. Our focus would be on meeting the guidance on metal and meeting the guidance on cost of production, meeting the guidance of CAPEX. However, silver being a by-product, we should try to reach to whatever level closer as is physically possible under the current circumstances which Sandeep has already narrated anywhere between 710 tons or more we should be able to do. May not be meeting the guidance but it's not much of a concern because our primary focus is meeting the guidance on metal.
- Shivani:** Okay, sir. Got it. Thank you.
- Moderator:** Thank you. The next question comes from Anirudh from JM Financial. Please go ahead.
- Anirudh:** Hello sir, am I audible?
- Arun Misra:** Yes, absolutely.
- Anirudh:** So, sir first of all congratulations on a good set of numbers. I just wanted to have a question regarding the factors which will be driving the cost from 1041 to 1000, so can you please give a color on what will be the factors?

Sandeep Modi: Yes, I think the \$1041 to \$1000, I think from going here we had the highest cost of around \$1297 and last 15 quarters we have gone significantly down every quarter and now around 1041 as I said we should be around \$1050 on a year basis. From here, the journey the main component will be the renewable energy. As I have been explaining in the earlier part that we are the far from the mine, so we have a very significant logistic cost and renewable energy does not come with any cost of the logistics. So, every 2% increase in the renewable energy will save one dollar and as we have signed the two power delivery agreement with Serentica and the third power delivery agreement is going to be signed, so we will be almost 70% secured from the renewable power through the renewable energy and from 15% to 70% that is around 55% increase will have a \$30 cost reduction in the next two years. It will happen in the phases, so that is the key 80% component for my cost reduction and second key component would be the volume increase. So, more and more volume increase will have a more fixed cost absorption given that I have a 30% to 35% fixed cost. So, over the FY26 and FY27 we should see the cost, I believe and hopeful to see FY26 exit cost around \$1000 and FY27 should be below \$1000.

Anirudh: Thank you. That answers my question.

Moderator: Thank you. Participants you may press “*” and 1 to ask a question. A reminder to all the participants that if you wish to register for a question, you may press “*” and 1 on your touchtone phone. The next question comes from Ashish Kejriwal from Nuvama Wealth Management. Please go ahead.

Ashish Kejriwal: Yes, thanks for opportunity again. Sir I missed that time, what could be the probable CAPEX for this expansion this 250,000 tons smelter as well as mine expansion which we are planning to do?

Sandeep Modi: So, we are planning as Mr. Misra has said for 1.2 to 2 million tons. So, it will be in the phases, but overall CAPEX, as in very, very highly indicative basis our past CAPEX performance and the global benchmark should be between \$2 and \$2.5 billion is spreading between the three to five years.

Ashish Kejriwal: But sir, \$2 to \$2.5 billion is for 1.2 to 2 million tons. So, we have visibility only for 1.2 to 1.45 right now. So, have we gone ahead with ordering or still it's in the board stage?

Sandeep Modi: No Ashish, I think we as of now, we have appointed three global mining consultants and one for the smelter and three for the mining. So, mining is more like doing the mine development, smelter is very easy to set up. Smelter, our global benchmark is around \$3000 for the project cost. In case of Europe, it is around \$4500 per ton. Our case it has been always \$2300 to \$2400 per ton. So, we should be remaining in the same range. So, 250 KT multiplied by \$2500 should be around \$500 million kind of numbers to put in a perspective, \$500 million of the numbers for putting the smelter. And similarly if I take the mining expansion, if I have to match the 250 KT, it should be around \$700 to \$800 million. So, all of 250 KT for mining and smelter should be around I think \$1 to \$1.2 billion.

- Ashish Kejriwal:** That's very clear sir. So, and we are planning to start it from next year maybe?
- Sandeep Modi:** Yes, we should be planning for next year and we are also working on the 10 million ton of the recycling project as well tailing recycling.
- Ashish Kejriwal:** Okay, can you please explain sir, give some more details on that 10 million ton recycling?
- Arun Misra:** No, so we will be putting up a 10 million ton recycling plant which will be annually processing 10 million ton of tailings. We have got huge quantity of tailings in Rampur Agucha mine and we will be taking the tailings out from the tailings dam, reprocessing it and produce zinc out of it. So, roughly it has a grade of anywhere between 2% to 2.5% and since there is no cost attached to the input side, so only thing we need to do is process it which can be a function of the current technology we are exploring is a function of combination of flotation and then leaching with sulfuric acid and produce directly zinc sulphate out of it and then transport zinc sulphate to smelter and produce zinc. So, this is something will make our process more sustainable. It's a reuse and recycle principle and also produce additional zinc from the tailings that we have. We don't have to mine it.
- Ashish Kejriwal:** Sir is it possible to share how much tailings we have and when we are going to plan or start this recycling plant? Or when will it start hitting our P&L?
- Arun Misra:** So, maybe we'll have to wait for one more such call, maybe after another board meeting, when we'll come back with further details. But as of now, we are working aggressively with the designers. We are sending samples to Australia for testing so that the technology can be frozen. Once, I guess, another 1-1.5 month, that will be done. And once that is done, then we can come back and share with you how much will be the yield of it, how much will be the CAPEX of it and I am sure this will be very high payback project it will happen and also it will be one of its kind in the world, no other zinc mining and smelting Company has ever thought of making such a large scale plant for tailing reprocessing.
- Ashish Kejriwal:** And this will be under Hindustan Zinc only?
- Arun Misra:** Of course this will be under Hindustan Zinc, if the demerger doesn't happen before that.
- Ashish Kejriwal:** Thank you and all the best.
- Moderator:** Thank you. The next question comes from Jainam Shah from Indsec Securities & Finance Limited. Please go ahead.
- Jainam Shah:** Good evening sir. Thank you so much for this opportunity and congratulations on good set of results. My only question is that what is the revenue potential from the DAP plant that is going to be expected to be commissioned in FY26?

- Sandeep Modi:** So, Jainam thanks for your question. The fertilizer plant will get commissioned by the Q4 '26. So, we are not expecting any revenue from the DAP plant in FY26. On a full scale basis for this 5.1 lakh tonne of the fertilizer plant, we are having the EBITDA potential of Rs. 400 to Rs. 450 crore annually.
- Jainam Shah:** Yes, so you have been mentioning EBITDA across the different calls that has been there, but revenue potential is not shared. So, any specific reason for that or it's still in the books? So, what will be the revenue potential? I just wanted to know that.
- Sandeep Modi:** Revenue potential will be, I think we are talking about because we are having a taking a 12, 13% margin. So, in this kind of the project, the revenue will be around Rs. 2000 to Rs. 2500 crore. That's the revenue. So, I think very simple math, sir. Nothing to hide about it.
- Jainam Shah:** Okay. Thank you so much, sir.
- Moderator:** Thank you. The next question comes from Shweta Dikshit from Systematix. Please go ahead.
- Shweta Dikshit:** Hi, good evening, everyone. A couple of questions from my side. Is there an annual CAPEX guidance for the next two years?
- Sandeep Modi:** So, Shweta, I don't think we will give the annual CAPEX guidance during the start of the year. And as Mr. Misra has said, about the 1 million to 2 million tons, and I explained one or the other analyst also, we will be having a, if we launch this 2 million ton project, it will be between 3 to 5 years, \$2 to \$2.5 billion. It will depend upon the board's approval. As of now, we are speaking for this year's annual guidance around \$200 million in the growth CAPEX and maintenance CAPEX around \$375 million. For the next year' guidance, we are still in the process of business planning. And once the board approves these CAPEX, then we can announce it formally.
- Shweta Dikshit:** So, I mean, for the model perspective, we can at least for now take this as a steady state basis for the next two years. That will be the minimum CAPEX for the two years?
- Sandeep Modi:** Yes, you can take that for your model purpose.
- Shweta Dikshit:** And the other question on the recycling plant, that's a 10-million-ton processing capacity per annum, right, as you mentioned?
- Sandeep Modi:** Yes.
- Shweta Dikshit:** And the recovery of around 2% to 2.5%?
- Sandeep Modi:** Yes, it should be having the content of 2% of the metal.
- Shweta Dikshit:** And this is likely to be only zinc, or are you looking at any other metal or minerals here?

- Sandeep Modi:** So, we are focusing more into the zinc and silver.
- Shweta Dikshit:** Zinc and silver, okay. And since you said this is something which does not entail any input cost, since these are basically tailings that you're utilizing, so could you give an indication of what kind of visibility do you have of processing 10 million tons every year? Like what's your input?
- Arun Misra:** So, you have to wait for those numbers. As of now, we are undergoing, you know, sending samples for testing and finalizing the technology. Capacity roughly we assume that we should be having a 10 million ton processing plant. We have got enough of tailings in stock for that. And also, every year, since we'll be increasing the volume to 2 million ton metal, so to that account, production of tailings will also go up many folds from the current level. So, supply side is not an issue. Issue is only finalizing technology, so that we can attribute the right cost numbers, and we can calculate the right return on investment. So, that, I think, will to wait for another one quarter to know that.
- Shweta Dikshit:** All right. Thank you so much.
- Moderator:** Thank you. A reminder to all the participants, if you wish to register for a question, please press “*” and 1 on your touchtone phone. The next follow-up question comes from Manav Gogia from Yes Securities India Limited. Please go ahead.
- Manav Gogia:** Hi, thank you so much for the opportunity. Sir, one question I wanted to ask was basically on the Fumer getting ramped up. Last quarter I believe you had mentioned that there were some design inefficiencies that had taken place. So, I just wanted to know how are we placed on the Fumer ramping up?
- Arun Misra:** So, right now we have taken a shutdown and that shutdown is over. Both the furnaces are up and running from today and also we have design inefficiencies regarding the coal mill so that we have brought in new equipment and we have put in place during the shutdown. So, we have done whatever in our knowledge what we could do. At the same time, we are also trying for Chinese experts to get visa so that we don't have such problems that we encountered for last couple of years in the coming days and I am sure from this quarter onwards, the Fumer would be delivering what it was designed for.
- Manav Gogia:** Okay and has the Fumer produced any of the volumes till now?
- Sandeep Modi:** Yes, yes it has produced 5 tons of the equivalent of the silver in the last 6-7 months. So, it is not like that it is not producing, it is producing at the run rate of course 30% of the design capacity, but we are hopeful that the Q4 should be almost 60%-70% of the design capacity.
- Manav Gogia:** Okay, that was it from me. Thank you so much and all the very best.

Moderator: Thank you. Participants, you may press* and 1 to ask a question. As there are no further questions from the participants, I now hand the conference over to Ms. Jain for closing comments.

Raksha Jain: Thank you, Sagar. Thank you, everyone, for joining us today on this call. If there are any follow-up questions or if there are any clarifications required, you can reach out to the Investor Relations team. Thank you so much.

Arun Misra: Thank you.

Moderator: Thank you. On behalf of Hindustan Zinc that concludes this conference. Thank you for joining us. You may now disconnect your lines.