

# Hindustan Zinc Limited



INVESTOR PRESENTATION

May 2019



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2<sup>nd</sup> largest zinc-lead miner globally

4<sup>th</sup> largest zinc-lead smelter globally

9<sup>th</sup> largest silver producer of the world\*

One of the lowest cost zinc producers in the world

***Vision: To be the world's largest and most admired zinc-lead & silver company***

Rankings source: Wood Mackenzie  
\* Source : Thomson Reuters

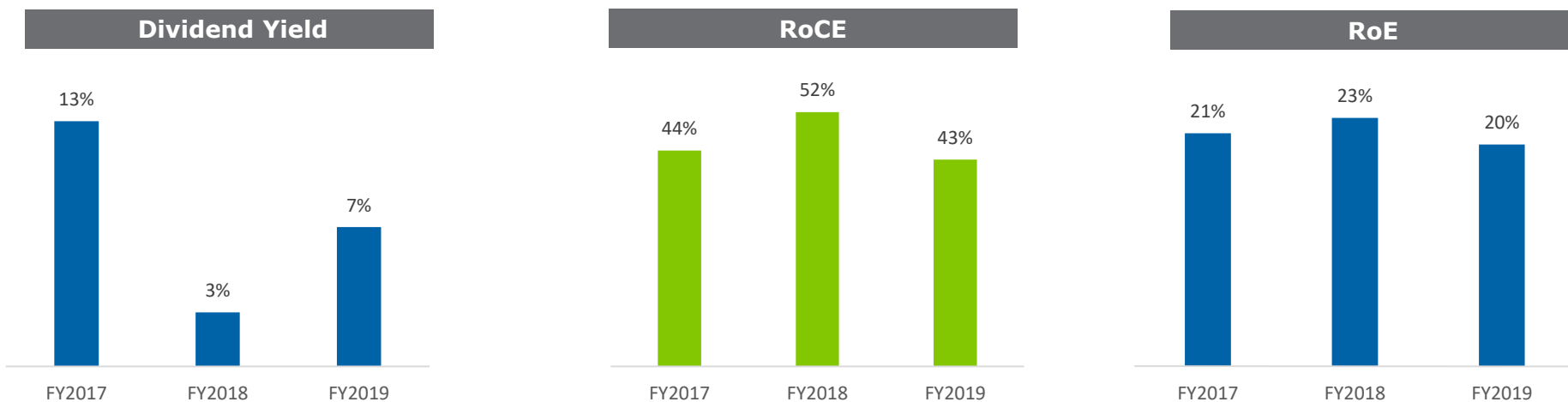
# Strong Value Proposition



Sustainable Enterprise	Proven Execution	Clear Growth Path	Strong Financial Profile	Derisked Business
<ul style="list-style-type: none"> <li>Globally 1<sup>st</sup> in Environment*</li> <li>Regular expansion approvals</li> <li>347MW Renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>~35% 5-yr CAGR of UG mines to 936kt MIC</li> <li>18% 5-yr CAGR in silver volume</li> <li>High IRR of mining projects</li> </ul>	<ul style="list-style-type: none"> <li>1.2 mtpa MIC capacity in FY2020</li> <li>Planning for 1.35 mtpa MIC capacity</li> <li>Silver: 679t+ → 800t → 1000t</li> </ul>	<ul style="list-style-type: none"> <li>Net Cash of \$2.4bn</li> <li>Strong FCF generation</li> <li>Crisil AAA rated</li> </ul>	<ul style="list-style-type: none"> <li>Low cost (1st decile)</li> <li>Integrated operations</li> <li>25+ yr mine life</li> <li>Rising share of value-added products</li> </ul>

\*Dow Jones Sustainability Index 2018, Metals & Mining

## KEY RETURN INDICATORS





Recognized among the 100 most sustainable companies in Asia by Channel News Asia Sustainability Ranking



**Dow Jones  
Sustainability Indexes**

Ranked 5<sup>th</sup> globally in Metal and Mining Sector and 1<sup>st</sup> in Environment dimension



**CII-ITC Centre of Excellence  
for Sustainable Development**

Received Outstanding Accomplishment – CII ITC Corporate excellence



ET 500 listing at 70<sup>th</sup> Position



**FTSE4Good**

Member of FTSE4Good Emerging Index



Received Platinum Sustainable Plus Label from CII

**Responsible  
Business  
Rankings  
2018**

Ranked 9<sup>th</sup> under Responsible Business Rankings-2018 by IIM Udaipur



**SAM** | ESG Data,  
Ratings &  
Benchmarking

Only Indian mining company selected as Member in Sustainability Year Book 2019

# Key sustainability initiatives



- 60% of tailings to be used for void back fill
- Reduce land required for tailing dams

Paste fill plant

- De-risk tailing dam failure
- Reduce water and land requirement

Dry tailing

- Recover zinc-lead (6kt) and silver (32t) from smelter waste
- Reduce land required by 1 hectare pa

Fumer Plant

- Recover and recycle metal in high value add forms
- Reduction in waste footprint

Ancillary Plant

- Treat Udaipur's sewage (60 MLD)
- Minimise fresh water usage; enhance cleanliness of lakes

Sewage Treatment plant

- 38MW solar power saving 190 acres land
- Another 50MW expected during FY2020

Solar projects over waste land

52%  
Waste Recycling

33%  
Water recycling

Zero  
Liquid discharge

14%- 20%  
Committed to reduce  
GHG emissions by 2026

Focusing on void & tailings management and value from waste



## Core Principles

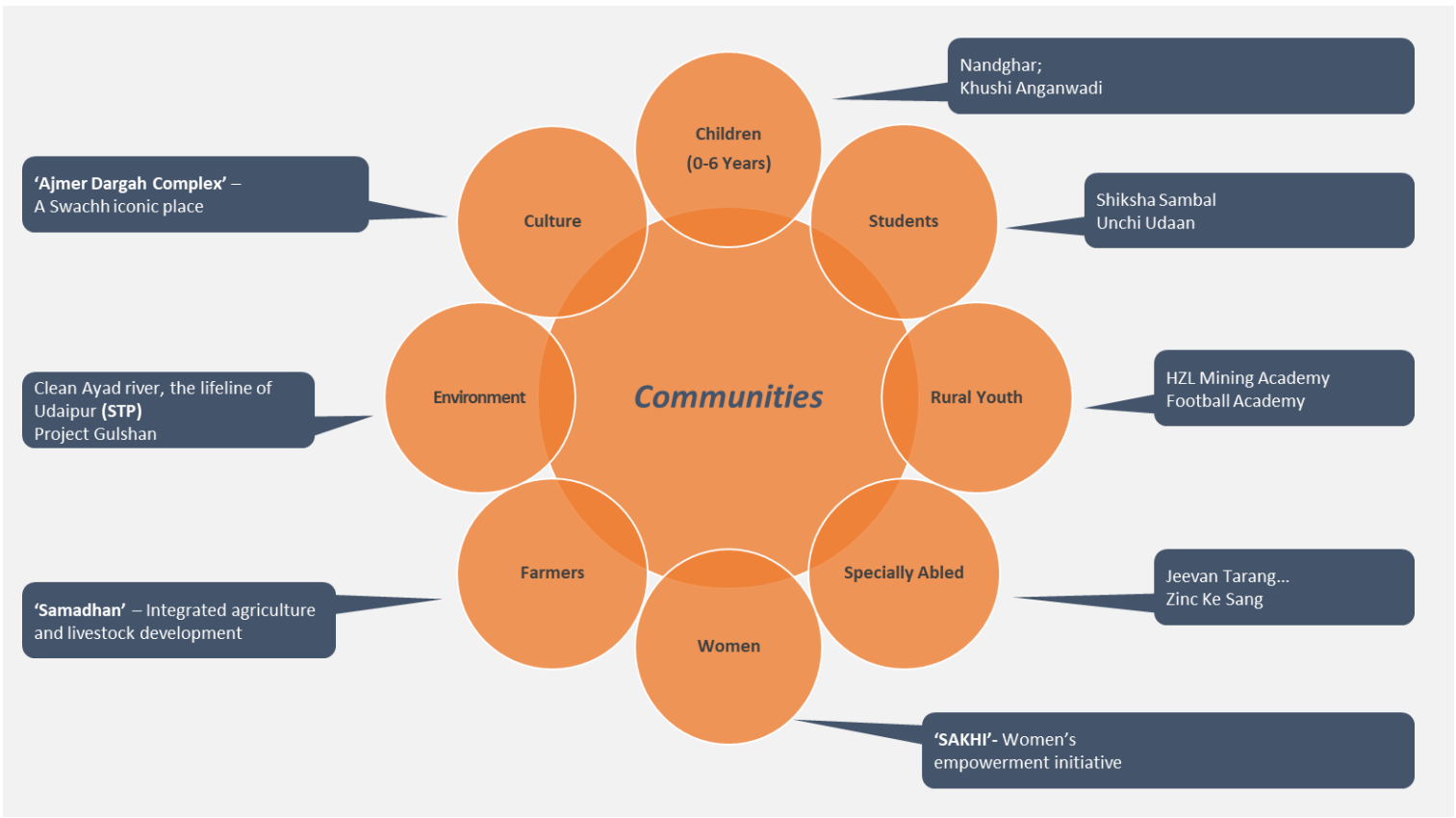
**Neighbourhood Communities**  
Our first and foremost commitment

**The Partnership Multiplier**  
Work, as much as possible, through strong and credible local partners

**Impact Centric**  
In almost everything we do, we focus on impact rather than on spends

**Strong Governance**  
Multi-tiered and objective governance structures and routines

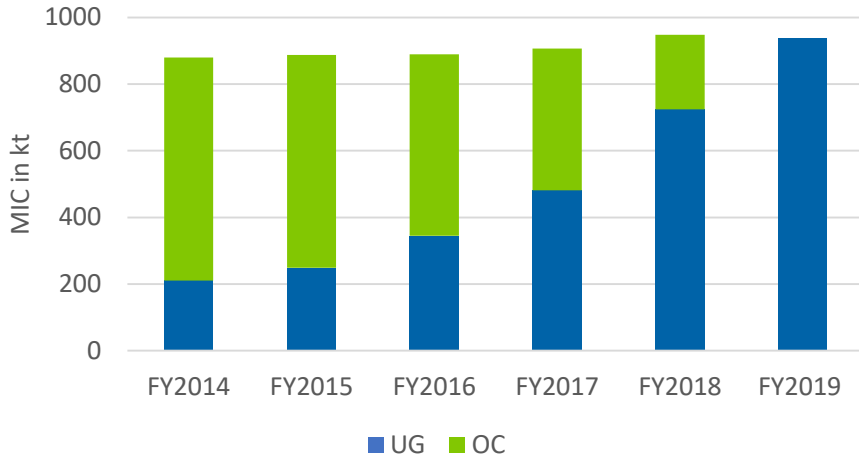
## Thematic Areas



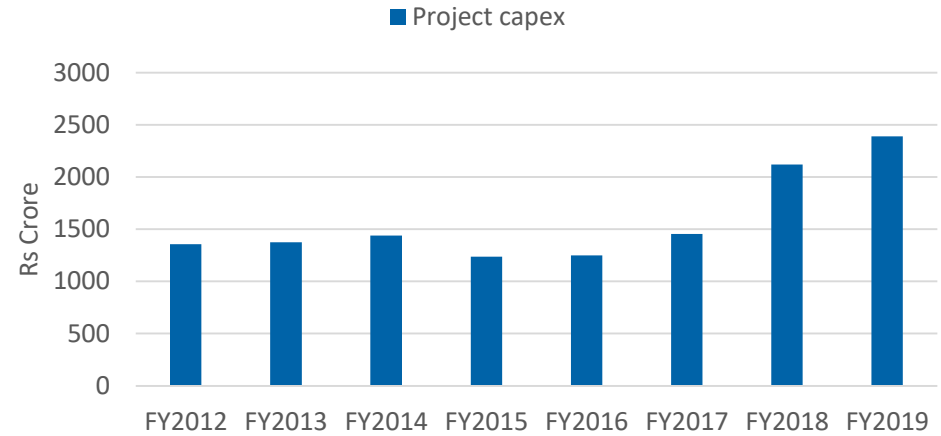
Our CSR spend of Rs 130 Crore in FY2019 positively impacted over 500,000 beneficiaries



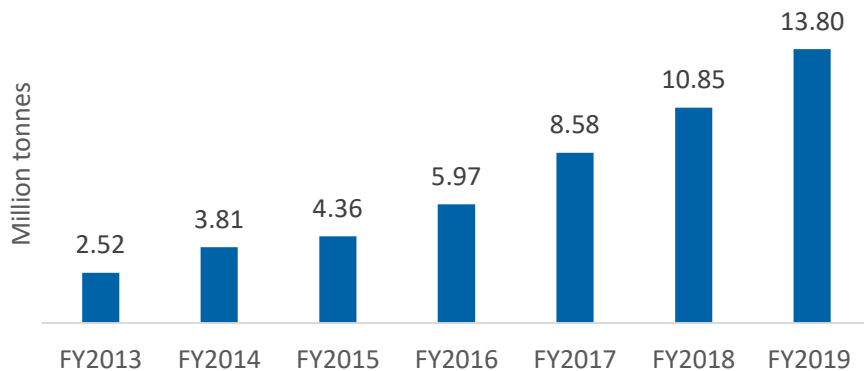
## Successfully transitioned to UG mining on the back of 35% CAGR in UG mine production



## Disciplined capital expenditure on high IRR mining projects driving growth



## Quadrupled UG ore production capacity since start of expansion in FY2013



## High ROI project investments to fuel growth

	Production Shaft	Ventilation	Mill	Paste Fill
RAM	Expected in FY2020	Completed	Completed	Completed
SKM	Completed	Completed	Completed	Completed
RDM*	Expected in FY2020	Completed	Expected in FY2020	Expected in FY2020
ZM	NA	Expected in FY2020	Completed	Expected in FY2020

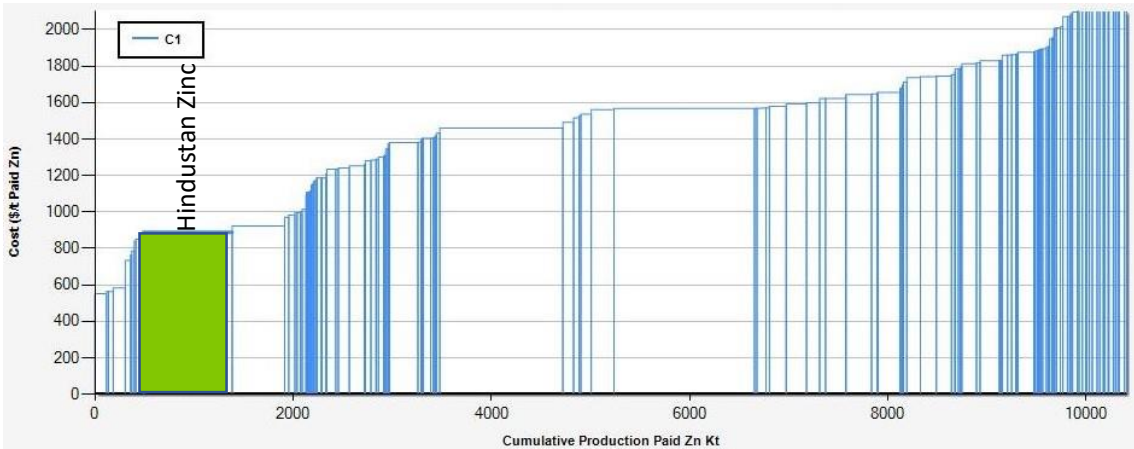
\*Shaft upgradation from 0.7 to 1.3 mtpa

Completed (Green)      Expected in FY2020 (Blue)



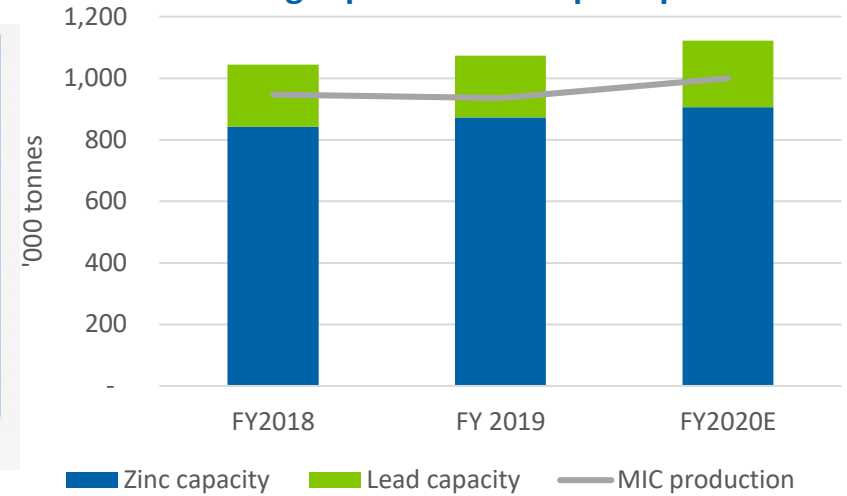


## HZL continues to be in first decile of global zinc cost curve despite transition to underground mining

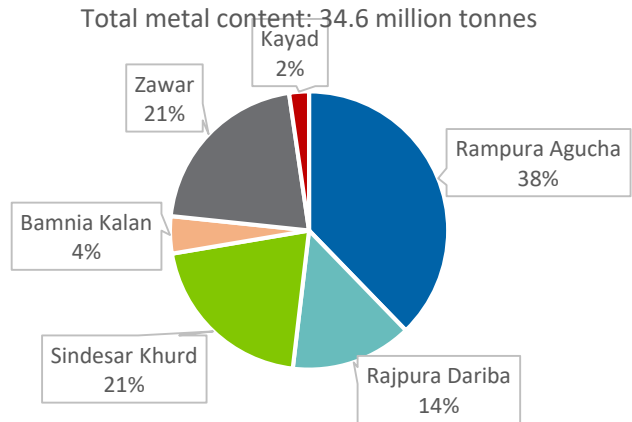


Source: Wood Mackenzie

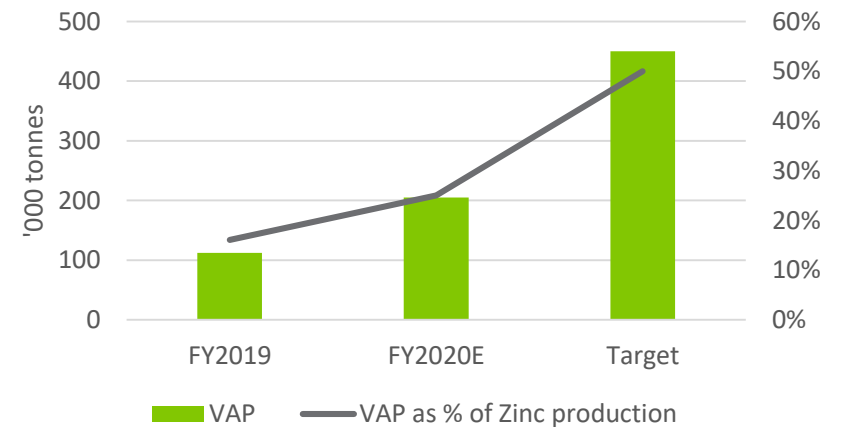
## Fully integrated operations with matching mining and smelting capacities and captive power



## Mine life continues to be 25+ years



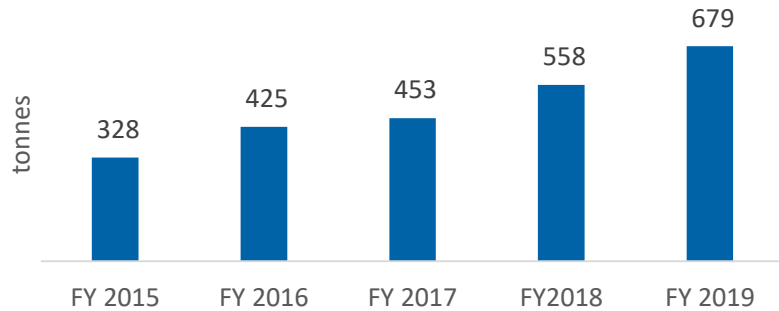
## Accelerating Value added products sales



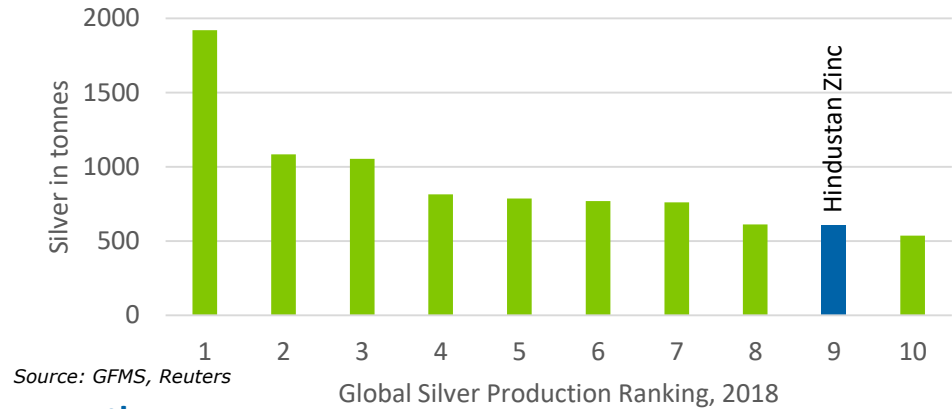
# Strong momentum in silver production



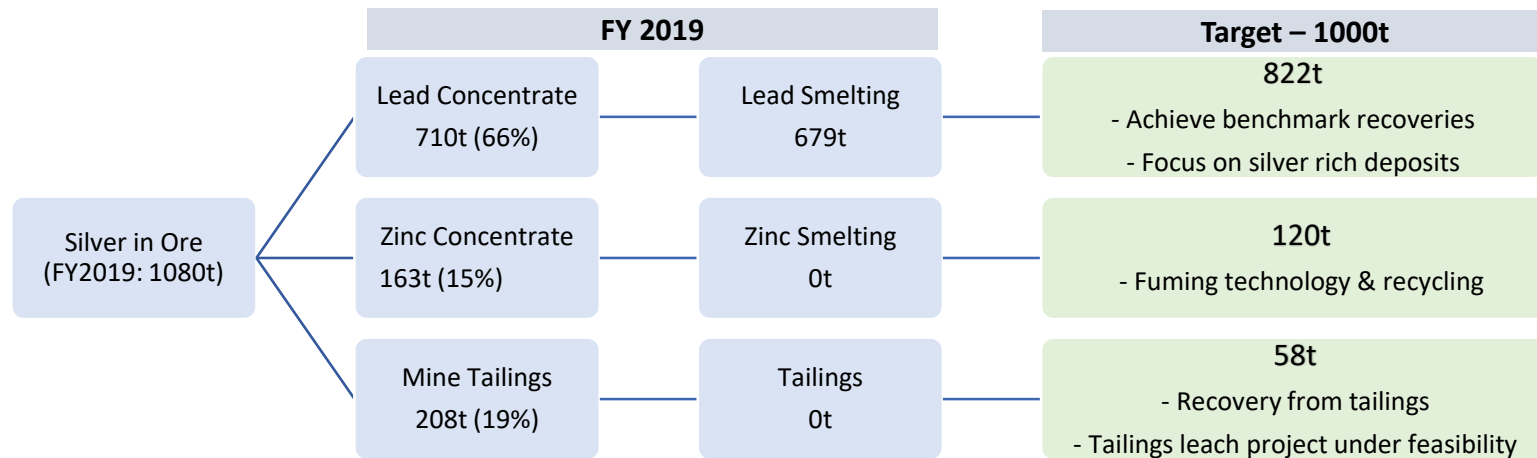
## Fastest growing silver company with a CAGR of 18%



## Ranked 9<sup>th</sup> globally in primary silver production



## Higher mining rate and recovery initiatives to drive silver growth



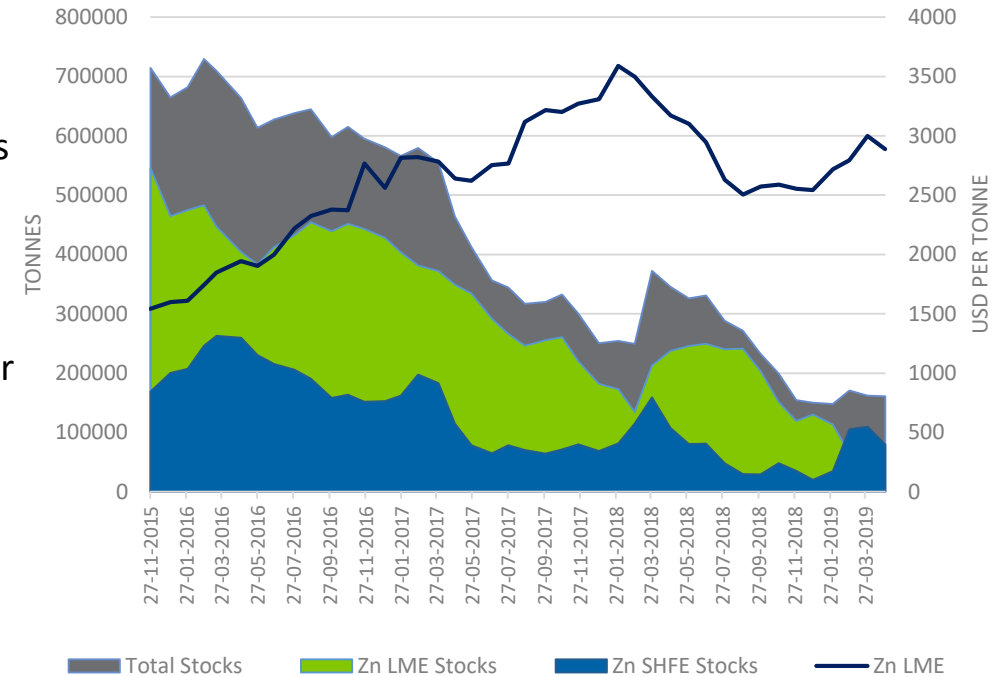
We expect to be among Top 5 silver producers globally in the next two years

# Low metal stocks providing fundamental support to higher zinc price



- Zinc mine supply is growing slower than expected
  - Delays in new projects
  - Environment issues in China
  - Some projects struggling with deleterious impurities
- Smelters production growth is constrained
  - Chinese smelter production rebound limited by poor profitability and environmental factors
  - RoW smelters at ~95% CU
- Refined market hence will remain in deficit in 2019

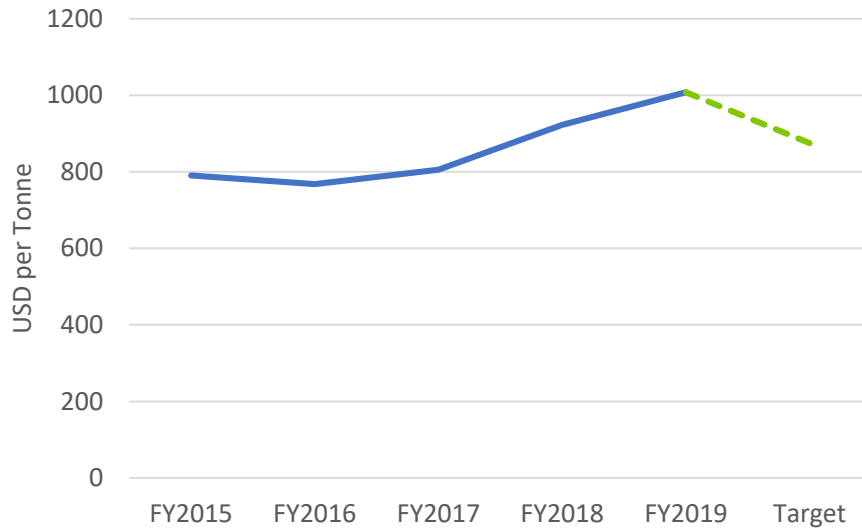
Exchange stocks are at record lows on account of tepid metal production growth



Considering low stock levels, we expect LME zinc price to remain firm in FY2020



Zinc COP has trended up on higher coal & commodity prices, increasing UG activity and higher employee expense



*\*Zinc COP is cash cost of production net of residue credits. Excludes royalties & silver credit*

## Power & smelting

- Increase in Linkage coal
- Leveraging softening coal price
- Improving SCC by technology interventions
- Higher smelter efficiencies

## Mining Cost

- Progressively higher volumes
- Ore hoisting from Shaft at SKM & RAM
- Continuous improvement in metal recovery
- Autonomous operations / mine digitization

## Manpower Cost

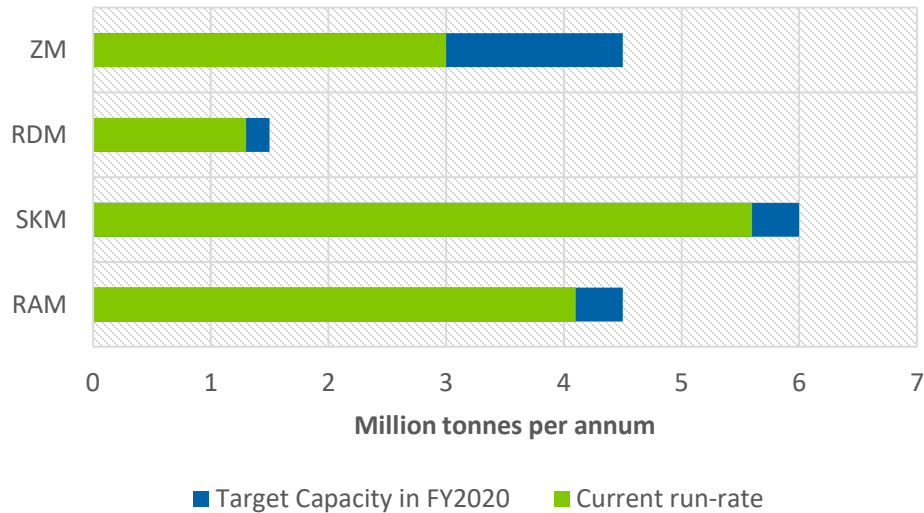
- Higher productivity
- VRS

New technology initiatives will take ore to metal ratio from 81% to 90% in the coming years

# On track to achieve 1.2 mtpa design capacity in FY2020



## Strong ramp up of underground mines towards 1.2 mtpa MIC capacity in FY 2020



## Guidance of double digit growth in metal & silver production in FY2020

MIC & metal production	c. 1.0 million tonnes each
Silver production	750-800 tonnes
Project Capex	USD 350-400 million

Planning for 1.35mtpa MIC capacity underway

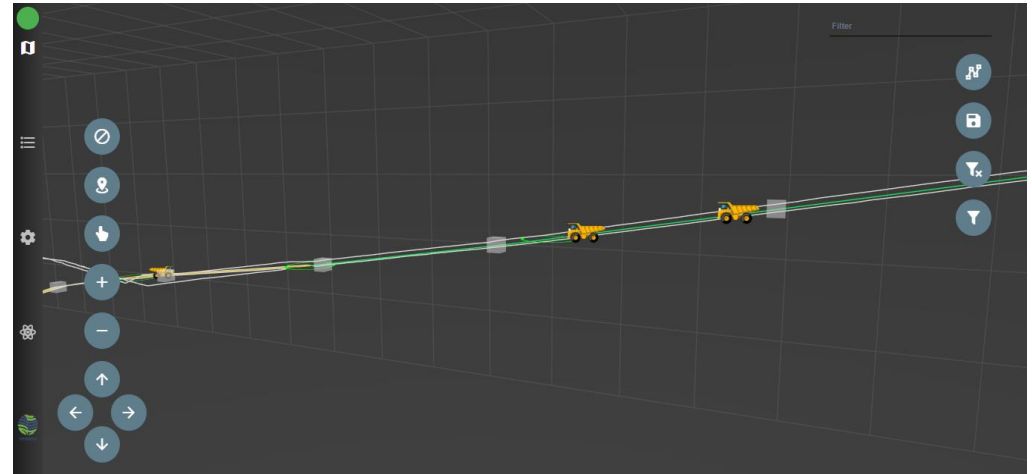


## UG Mine Digitalization

- High bandwidth Wifi network in UG
- Real time Man-Machine-Material tracking
- Online Fleet Management System
- Data driven decision making
- Real time visibility of entire mining cycle
- Autonomous machine & collision avoidance system

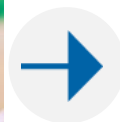
## Collaboration Centre

- Big Data Analytics for mines, smelters and CPPs
- Central monitoring of all operations
- Develop & deploy predictive models for better control on processes



Real-time vehicle tracking at Sindesar Khurd Mine

Digitisation will lead to higher mine productivity (10-15%), lower cost (10%) and higher recovery (5%)



# Thank You

HINDUSTAN ZINC LIMITED  
ZINC | LEAD | SILVER |

