Q1 CORPORATE SCORECARD

Hindustan Zinc Bets Big on Silver Biz to Drive Growth

Net profit up 145%; silver prices have more room to grow and steer Ebitda forward: Exec

Nikita Periwal

Mumbai: Silver will be Hindustan Zinc's biggest growth driver over the next four to five years, with output set to double from current levels and prices offering significant upside, chief executive Arun Misra said. "While we mine more metal bearing ore, with new technologies coming in, silver numbers will also grow. That is where the maximum Ebitda (earnings before interest, tax, depreciation and amortization) will come from," Misra told ET in an exclusive interaction.

The Vedanta group company, India's largest producer of zinc, lead and silver, derived nearly half of its consolidated Ebitda in the June quarter from its silver business.

"If silver grows from the current numbers to about 1,200-1,300 tonnes, it will add huge value because while zinc prices remain stable around $3,500 (per tonne), silver prices can reach as high as $100 per troy ounce," he said. "Till the time new critical minerals are added, silver will do the bull work for taking the Ebitda forward," he said.

Revenue and Ebitda from the silver business nearly tripled year-on-year in the June quarter, helping Hindustan Zinc post record quarterly revenue, Ebitda and profit.

Revenue from operations rose 77% year-on-year to ₹13,747 crore, while Ebitda more than doubled to ₹8,074 crore. Ebitda margin expanded by 900 basis points to 59% and net profit jumped 145% to ₹5,469 crore. While a demerger remains a possibility, Misra said it is not an immediate priority for Hindustan Zinc because separating the business would be more complex than Vedanta's recently completed restructuring.

77%

SURGE IN REVENUE FROM OPS TO ₹13,747 CR

"There is no mine only for silver and not for zinc, or no smelter which treats concentrate only from one mine. So, there will be a lot of internal movement of material even if we make it two companies. So, that makes it complicated, and hence (we need) more time for resolving issues by discussion," the outgoing CEO said. Hindustan Zinc has appointed former Steel Authority of India chairman Amarendu Prakash as chief executive with effect from August 1.