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India's Hindustan Zinc records two-fold profit jump, cuts annual production cost forecast

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Hindustan Zinc logo is seen in this illustration taken, April 23, 2024. REUTERS/Dado Ruvic/Illustration/File Photo Purchase Licensing Rights

Oct 19 (Reuters) - India's Hindustan Zinc (HZNC.NS) posted a more than two-fold jump in quarterly profit on Monday, helped by higher metal prices, while cutting its annual zinc production cost forecast

amid rising output and stronger by-product realisations.

The Vedanta group firm's zinc production cost forecast for fiscal 2027 now stands at $825 per ton to $850 per ton, compared with $975 per ton to $1,000 per ton earlier, Chief Executive Amarendu Prakash said in a post-earnings call.

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Higher zinc prices, supported by supply constraints and expectations of a global deficit, boosted earnings during the quarter, with the company expecting a global refined zinc supply deficit of about 180,000 tonnes in 2026 amid mine closures and declining ore grades.

Hindustan Zinc, which commands roughly three-fourths of India's primary zinc market, saw its consolidated net profit jump to 64.12 billion rupees ($675.5 million) for the three months ended September 30, from 26.49 billion rupees a year earlier.

Meanwhile, zinc production costs fell 29% from a year earlier to $703 per ton in the quarter, helped by higher output, better ore grades and stronger by-product realisations at the company's facilities.

Higher sulphuric acid prices also helped reduce reported production costs, although those benefits are cyclical.

SILVER DEMAND REMAINS FIRM

Meanwhile, the company benefited from import duties on silver, while demand for the precious metal in India remained fairly strong, Prakash told Reuters in an interview.

"We remain confident of meeting our fiscal 2027 silver production target of 680 tonnes," Prakash added. The company produced 321 tonnes of silver in the first half of the fiscal year.

Silver production rose 20% to 173 tonnes in the September quarter, while revenue from silver sales more than doubled.

Quarterly revenue from operations jumped 76.5% to 150.93 billion rupees, while total expenses rose 31.5% to 68.95 billion rupees.

Mined metal production rose 5% year-on-year to 271,000 tons during the quarter, while refined metal production increased 7% to 264,000 tons.

Hindustan Zinc said engineering and procurement for its planned 250,000-tonne-per-year integrated zinc expansion were nearly complete, with mine development underway.