HZL/2023-SECY/

July 24, 2023

BSE Limited
P.J. Towers, Dalal Street,

National Stock Exchange of India Limited
"Exchange Plaza" Bandra-Kurla Complex,
Mumbai – 400051

Kind Attn: - General Manager,
Dept. of Corporate Services

Kind Attn:- Head - Listing & Corporate Communications

Scrip Code: 500188

Trading Symbol: HINDZINC-EQ

Dear Sir/Madam,

Sub: - Earnings call Transcript for the First Quarter Ended June 30, 2023

This is further to our letters dated July 21, 2023, the Company had hosted an earnings conference call with investors and analyst on Friday, July 21, 2023 to discuss the financial performance of the Company for the First Quarter Ended June 30, 2023.

Please find attached the transcript of the earnings call. The same is also made available on the Company's website at https://www.hzlindia.com/investors/reports-press-releases/.

Request you to take the information on record.

Thanking you,

Yours faithfully

For Hindustan Zinc Limited

Rajendra Pandwal
Digitally signed by Rajendra Pandwal
Date: 2023.07.24 15:29:59 +05'30'

Rajendra Pandwal
Company Secretary & Compliance Officer
Encl: as above

"Hindustan Zinc Limited

Q1 FY24 Earnings Conference Call"

July 21, 2023

MANAGEMENT: **MR. ARUN MISRA – CHIEF EXECUTIVE OFFICER – HINDUSTAN ZINC LIMITED**
MR. SANDEEP MODI – CHIEF FINANCIAL OFFICER – HINDUSTAN ZINC LIMITED
MS. JHALAK RASTOGI – ASSOCIATE DIRECTOR, INVESTOR RELATIONS – HINDUSTAN ZINC LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Hindustan Zinc First Quarter FY 2024 Earnings Conference Call. 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 star then zero on a touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Jhalak Rastogi, Associate Director, Investor Relations. Thank you, and over to you, ma'am.

Jhalak Rastogi: Thank you, Neerav. Good afternoon, everyone. I welcome you all to Hindustan Zinc's First Quarter FY '24 Ending 30th June '23 Results Briefing. In this call, we will refer to Q1 FY '24 investor presentation available on our company's website. Some of the information on this call may be forward-looking in nature and is covered by the Safe Harbor language on Slide number two of the said presentation.

Today on the call, we have with us our CEO, Mr. Arun Misra; and our CFO, Mr. Sandeep Modi. Mr. Misra will begin with an update on business performance, while Mr. Modi will walk you through the financial performance, after which we'll open the floor for questions.

I now request Mr. Misra to begin today's call. Over to you, sir.

Arun Misra Thank you, Jhalak. A very good afternoon to all of you. Thank you for joining us today for the first quarter of FY '24 results briefing. Before I begin today's results presentation, I would like to take a moment to share with you some of the key developments made at Hindustan Zinc this month, which is celebrated world over as pride month to promote inclusivity in all spheres of business.

Diversity and inclusivity are extremely fundamental to our value systems and to embrace the different perspectives, identities and ideas of our people, we have launched an organization-wide Zinclusion campaign. To celebrate the pride month, we organized empowering sessions with esteemed guest speakers from the LGBTQ+ community, Laxmi Narayan Tripathi, an activist, actress, Bharatanatyam dancer, motivational speaker; and Ella Dev Verma, first runner-up of Miss Transqueen India pageant under this campaign.

Coming to our key priorities for safety front, it brings the satisfaction to report a third consecutive quarter of fatality-free operations. Let me reassure all of you that we are continuing our efforts towards ensuring injury-free operations with even more rigor and alacrity in the present quarter as well. As a recognition of our management belief that people are our most valuable asset, I'm happy to share that we have been certified as Great Place to Work for fifth consecutive year, a true validation of our commitment.

At Hindustan Zinc, it is our continuous endeavor to develop and nurture our people with our best-in-class people practices. Adding another feather to its cap, Hindustan Zinc won the prestigious People First HR Excellence Award in the categories of Leading Practice in Talent Management and Leading Practice in Employee Relations.

An update on our key priority, ESG. I'm happy to share that Hindustan Zinc became the piloting member for science-based target for nature target setting, being the only one in India and the only metal and mining company amongst the member companies. We, as a company, have taken an ambitious target of 50% reduction in Scope 1 and Scope 2 emissions and 25% reduction in Scope 3 remissions by 2030 and net zero by 2050, and are progressing well in our sustainability journey via multiple pathways.

Coming to an update on our on-ground CSR activities, it gives me immense satisfaction to inform that we are progressing well on our social sustainability goals, promoting sustainable livelihood via skill development, Hindustan Zinc's Kaushal Kendra launched 3 batches with 75 female trainees in 3 trades, including unarmed security guards, retail sales and marketing and office assistants with 100% placement for first batch and placement in process for the other two batches.

I would like to share that two of our Zinc Football Academy players got selected in Rajasthan state team. Driven by our inclusive growth strategy, we can continue to strive towards making a positive impact in the community across the seven thematic areas, including women empowerment, education, sustainable livelihood, health and water, environment, safety, sports and community asset creation. A quick snapshot of developments made in the quarter are given on page four for reference.

Moving on to the market. The base metal prices continue to remain impacted by concerns around the global economy and other diverse macroeconomic factors. The global economy has been facing headwinds in the form of rising interest rates, soaring inflation and slowdown in manufacturing and construction sectors in most of the world's major economies.

Strengthening of U.S. dollar also remains a key factor impacting the prices globally. The global manufacturing PMI has also declined to 48.8 in June as compared to 49.6 in May. The S&P Global India manufacturing PMI dropped to 57.8 in June from 58.7 in May after rising sharply from 57.2 level in April.

Based on the economic indicators and outlook projections by IMF, India seems to be a bright spot for the global economy, and economic activity in India continues to remain resilient with a GDP forecast of 5.9% for 2023, offering one of the best realizations avenues for the outside world.

This quarter, the global zinc supply and demand forces remained underperforming. However, the domestic demand for zinc continues to remain buoyed on the back of strong fiscal thrust on infrastructure and construction, further supported by robust recovery of the Indian economy, resulting in industrial production growth.

Globally, there has been an imbalance lately on account of sluggish demand and market expectations of higher refined zinc production. However, with demand growth of 0.8% in calendar year 2023, medium-term global zinc demand outlook remains resilient.

Touching briefly on lead. Lead prices have been range bound and during the quarter averaging at $2,117 per ton, weak demand due to off-season of lead-acid battery sectors was balanced by the supply side developments, including the impact of suspension of a Mexico-based mine. Domestic lead demand remains robust, supported by constant growth in automotive, industrial battery segment and infrastructure development.

Coming to silver. During the quarter, prices remained volatile, peaking early in April at $26 per troy ounce and closing the quarter with an average price of $24.1 per troy ounce. Overall, silver prices remain influenced by a combination of factors, including the dollar strength, gold prices, supply concerns, interest rate expectations, industrial demand and geopolitical uncertainties. Silver demand is expected to be bullish, driven by evolving solar panel technologies, vehicle electrification and investment in 5G infrastructure.

Now coming to an update on operational performance. I'm happy to report highest ever first quarter mined metal and silver production of 257,000 tons and 179 metric tons, respectively, up 2% and 1% year-on-year, respectively, with consistent refined metal production. I would like to bring your attention to the seasonality of the first quarter, which is traditionally viewed as a subdued one. However, we strive to neutralize the same by deploying structural changes made as a result of our continued learning over the years.

Coming to our growth strategy for FY '24, reducing concentrate and metal as per our guidance remains the key and scaling our smelters to achieve the same is a prerequisite. Further, there is a strong focus on cost optimization and production efficiency to strengthen our cost leadership globally. With our alloy plant ready for commissioning in Q2, we are targeting to enhance our value-added product portfolio significantly.

On our investment front, I am happy to inform that all our projects are now coming on track. We are targeting commissioning and production from our alloy plant, Rajpura Dariba Mill and Fumer plant in Q2 FY '24. With the current run rate of mined and refined metal, we are confident of delivering as per our guidance and would like to keep it unchanged.

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

Sandeep Modi: Thank you, Mr. Misra, and a very good afternoon, everyone. As an integrated zinc producer, it remains one of our strategic priorities to continuously strengthen our cost leadership, thereby protecting margins and this quarter was exemplary of the same. In the presence of such volatile LME environment, we persistently focussed on our core principles and as a result, we delivered a strong first quarter on the operational front, confining the external impact on our financial performance.

I am happy to share that our cost reduction program has resulted in continuous cost optimization for two consecutive quarters with a total saving of approximately $100 per ton in the last 6 months. Giving a deeper sense of financial for the quarter ended June '23, revenue from operations for the quarter was INR7,282 crores, down 22% Y-o-Y majorly on account of lower zinc and lead prices, lower lead volume and differential strategic hedging impact, while benefiting from our volume delivery, improvement in zinc and silver, better silver prices and favorable exchange rates.

Sequentially, revenue was down by 14%, primarily due to lower zinc LME, lower metal and silver volume, partly offset by improved silver prices. Our cost of production before royalty during this quarter was $1,194 per ton, 2% better sequentially and 6% better Y-o-Y in USD terms. Ordinarily, you have noted the first quarter exhibits lower mined metal and higher cost of production. However, this quarter, we could improve the quarter 1 cost sequentially for the first time in Hindustan Zinc's recent past. The improvement was mainly on account of softened coal and input commodity prices, better domestic coal availability, operational efficiencies and better grades. You may refer slide number 13 for further details.

The resulting EBITDA for the quarter was INR3,359 crores, down 36% Y-o-Y and 20% sequentially, mainly on account of lower revenues impacted by significantly lower zinc and lead LME, partly offset by improved cost and better silver prices. Sequential decline in EBITDA was further impacted by lower metal and silver volume. Please refer to EBITDA Bridge from Slide 19 to 20 for further details.

Our consolidated net profit for the quarter stood at INR1,964 crores, down 37% Y-o-Y and 24% quarter-on-quarter, primarily on account of lower EBITDA, partly offset by lower tax expenditure. As communicated in the previous quarter, the company has moved to the new tax regime from this fiscal year and the effective tax rate for this quarter was approximately 25%.

Coming to our cost and capex guidance for the fiscal year '24. We keep both our cost and capex guidance intact. We are confident of achieving the same on the back of rather placid input commodity cycle.

With this, I conclude my comments and we open the floor for your questions. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Amit Dixit from ICICI Securities.

Amit Dixit: First of all, congratulations for achieving a reduction in cost Q-o-Q, which is very unprecedented, given the production volumes are generally lower. While I understand that a bit of it is due to lower coal cost and possibly better linkage materialization, if you could quantify both of them, how much was linkage materialization in this quarter and your imported coal cost?

Then part B of the question is that if I see the cost, COP per ton guidance, that is even lower in this -- I mean, compared to the one that we have achieved this quarter. Is it a function of increasing production volumes? Or do you expect coal cost to further decline and linkage materialization to improve?

Sandeep Modi: Yes. Sandeep here. Thanks, Amit, for your question. So I'll say normally, if you see quarter 4 to quarter 1, if you see the last 5 years, our cost has been always increasing. And you are right, due to the quarter 1 volume normally remains lower because the of mine start preparation. And if you see in the last 5 years, it has been always 10% to 15% higher. First time, we are seeing 2% decline. And if you see 2 quarters sequentially, it's $100.

By and large, this is on account of the softened coal prices, both imported and linkage coal has improved, which was last year quarter 1, 10% in our blend, it has improved to 28% and that is also coming 100% through rakes. So that has given a significant benefit in our cost. At the same time, our grades also had improved from the last year, 6.9% to this year 7.1%. That is a second on the operational part where we have reduced our dilution and improved the grades.

And automatically, this is last one year lot of technology intervention was also done, which has improved our mill's recovery. So it is a combination of the market, our own efforts and operational efficiency. These are the three factors on which we have worked upon due to which we have got this cost reduction.

And as far as my guidance is concerned, between $1,125 to $1,175, we believe that given the current -- our cost structure and the way we are working, we should be able to achieve our cost guidance for the full year. That will be near to the lower band of the guidance which we have given.

Amit Dixit: Wonderful. So the second question is essentially on the mine development. How much it was on the account of revenue and capital?

Sandeep Modi: So it was around 24 kilometers in this quarter. And 50% you can assume approximately for capital and 50% revenue.

Moderator: Next question is from the line of Pallav Agarwal from Antique Stock Broking.

Pallav Agarwal: Yes. So first is I would like to commend the performance on the cost front. So given that the LME is not within our control, but we can try and control the cost. Also just on the zinc outlook, so given the prices for zinc have corrected more than other nonferrous metals, so do we think that it should stabilize at these levels or there could be some recovery in prices going ahead?

Arun Misra: So if we have to comment on going forward, worldwide, there is -- inflation in U.S. is coming down and there is a hope their infrastructure push that U.S. government is doing, will have -- will increase the speed of construction. Chinese economy should work better. If you look at the stocks in Shanghai Exchanges have gone down, while LME exchanges must have gone up. In India, the infrastructure push is on. And considering more states are undergoing elections, so the governments will further push -- with the 2024 elections coming up, government will further push investment in infrastructure.

So we believe that although Indian economy occupies a sweet spot in the global economy, so we will see good prices in India or even globally recovering towards the end of third quarter -- second quarter. And I hope that by December and January, we will get much better LME than what we are getting now. I have always been saying that looking at global supply-demand scenario anywhere between 2,900 to 3,100 is stable. And I think the journey is towards that only.

Pallav Agarwal: Sure, sir. Sir, also on the cost front, sir, so do we -- are we seeing better coal linkage availability given that the production has improved at Coal India? So do you feel that there can be further even, I mean, sharper reduction in costs in the coming quarters?

Arun Misra: Not only coal, we -- see that Sandeep has explained. Partly it is, of course, because of coal, also we have restructured most of our operating contracts, working with the business partners to bring in much more cost efficiency, redoing the contracts in a much, much different way than the way we used to do earlier.

And all those will start fructifying because most of the contracts after placement and partners' mobilization takes about 2 to 3 months' time. Most of those benefits will start accruing from quarter 2, quarter 3 and quarter 4, we'll see maximum benefits. And we can safely predict that our guidance cost numbers we will achieve as a combination of both.

That is one is, of course, coal. We are fortunate getting more coal from Coal India. At the same time, the other structural initiatives, which is on the performance efficiencies contracting, that will also start bearing fruit. And also, we are working on recovery of metals in our mills. We will be commissioning the Fumer, which will add some more product to our kitty. So all that will start bearing fruit in the quarters ahead.

Moderator: Next question is from the line of Kirtan Mehta from BOB Capital Markets.

Kirtan Mehta: I had a couple of questions regarding the -- our new roaster in Debari and the fertilizer plant. How is this current progress tracking with your target, both in terms of time line and cost?

Arun Misra: We are absolutely on the time line. See in Debari, all orders have already been placed. And by the next week or so, the site work will start. Fertilizer site work has already started. Orders are in place. People have been mobilized. So on both these projects, which are very key to our future are already on and we will achieve the commissioning of these projects well in time.

Kirtan Mehta: And what is the current -- could you also remind us about the current targets for the commissioning?

Arun Misra: Roughly between 18 to 24 months for both the projects.

Kirtan Mehta: From today, it will take another 18 to 24 months?

Arun Misra: 18 months, yes. The roaster will be much earlier, maybe around 14 months, whereas the fertilizer will be between 18 to 20, 22 months.

Kirtan Mehta: And in terms of this roaster, how does it compare with the existing operations in terms of its efficiency and the profitability?

Arun Misra: See, roaster only converts the concentrate into calcine. The efficiency comes when we start producing in the electro-winning process. So this is only to increase our calcine-making capacity. And since our leaching section and the electro-winning section, has got better capacity than the current roasters, so we will add more volume roughly about 50 - 55 kt to our productions through this, but we will have much more in-build roasting capacity.

So going forward, our further growth will come when we'll start investing more on our electro-winning and leaching capacity, depending upon how far we progress in our mining capacity. So we can clearly see a pathway of achieving 1.25 million tons in maybe another 18 months or so from FY '24 onwards.

Kirtan Mehta: Understood, sir. And would it also be possible to sort of explain on the economics of fertilizer plant as well?

Arun Misra: Fertilizer plant, see, it's now in the project stage. Post project, mostly it will be DAP fertilizer it will produce, and we will be using our own sulfuric acid and the mix of rock phosphate, both from Rajasthan that we'll buy and some may be imported. And then this entire area between Rajasthan till UP and parts of Haryana are importing about 1 million ton of DAP every year. And we will be producing in the first phase only 0.5 million ton, about 500,000 tons. So we should be able to supply to them.

Moderator: The next follow-up question is from the line of Amit Dixit from ICICI Securities.

Amit Dixit: Have we done any incremental hedging, I mean, while the zinc prices were falling? Or are we, I mean, unhedged as of now?

Sandeep Modi: We are completely unhedged as of now. We do only strategic hedging last time we did when we believe that prices had gone to the top. So at this point of time, we have not any hedged quantity.

Amit Dixit: Okay. And if you could give some idea on the Zinc International acquisition. Last time, you mentioned that it has not been entirely called off. So what is the status on that?

Arun Misra: So I think there is no further movement on that. And I guess whatever the rules allow, will happen. As of now, I have nothing more to add as far as the past status was concerned.

Moderator: The next follow-up question is from the line of Pallav Agarwal from Antique Stockbroking.

Pallav Agarwal: Sir, just a question on the premiums on the physical premium. So how has the trend been sequentially? Have you seen any improvement in zinc and lead premiums?

Sandeep Modi: Yes. So, our zinc premium has improved sequentially quarter-on-quarter if you see. However, if you see on a Y-o-Y basis, the premium has been a bit down. And while this has been a global phenomena and as you see the LME also down. But sequentially, it has been almost, I will say, 15% increase.

Pallav Agarwal: Okay. And about by-product prices, so how is sulfuric acid, how has the trend been over there?

Sandeep Modi: Sulfuric prices, it's a combination of 2 things. One is geographically and also the sulfur index. So if you see Y-o-Y basis sulfur index, you can see the market has gone significantly down. So our acid prices also accordingly has taken a hit. However sequentially, if you see the acid prices have improved, but on Y-o-Y basis, our asset prices have gone down on account of globally in line with the market prices.

Moderator: Next question is from the line of Pradeep from BFAM Partners.

Pradeep: I had a quick question in terms of the general reserves to retained earnings transfer. Can you just update the status on that, please?

Sandeep Modi: So general reserves to retained earnings was approved by the NCLT and then it was also approved by the shareholders. At this point of time, the second motion hearing is yet to happen, which is scheduled on the 31st of July. So these procedural matters are still pending. So as and when it happens, we'll have to intimate to stock exchange after getting the Board approval.

Pradeep: Got it. And do you anticipate any hiccups in this process or this is more like a procedural step that needs to be completed?

Sandeep Modi: It's more like procedural aspect because we don't have any secured creditor, so we don't feel any hiccups would be there.

Moderator: Next question is from the line of Vikas Singh from PhillipCapital.

Vikas Singh: I just wanted to understand, last year, we were talking about 1.35 million tons to 1.5 million tons of capacity. Since we have 1.2 million tons or 1.25 million tons insight, so have we drawn up the plan by when we can reach to what would be the capex? If you could just elaborate on the same?

Arun Misra: First, as I said after the roaster project is completed, we will launch expansion of our electro winning process as well as our leaching process. So that should happen only when we stabilize on further production of mined metal. If that happens, because it has to be always looking at how much expansion we are having in the mine. So that is the next step is 1.25 million tons.

Once 1.25 million tons is achieved, we are on the design stage of expanding Zawar mine, which is currently producing 4 million tons to go to 6.5 million tons. And RD mine, which is currently producing about 1-million-ton ore to go to 2 million tons ore. So these 2 expansions should take maybe another 2 to 2.5 years. So once those expansions are there, new mills come up and by that time, if the smelting capacity reaches to 1.35 million tons, we should be able to do that. So it's time line, if I say, we were talking of 1.25 million tons in FY '25, we may talk about 1.35 million tons in maybe FY '27.

Vikas Singh: Understood. And just a follow-up, so you're talking about Zawar expansion. So had the necessary approvals for the mine expansion are already in place or that process is yet to be started?

Arun Misra: No, no, we are already in the process of environment clearance, forest clearance, all absolutely in place and people are working around it. In the meantime, designs have been done. You need to take forest clearance first to move the mining plan approval and all that. So everything is in place.

Vikas Singh: Understood. Sir, just -- if you could just give us the capex figure for this year and how much we have done in 1Q?

Sandeep Modi: So our maintenance capex for this year is around $375 million, and we have done around $90 million in this quarter 1. And from the growth capex point, which is largely for the roaster and fertilizer, we have done around $50 million advance we have paid to the parties.

Moderator: Next question is from the line of Ashish Kejriwal from Nuvama Institutional Equities.

Ashish Kejriwal: Sir, three things. One, is it possible to share what was the average realization we got for sulfuric acid in this quarter?

Sandeep Modi: I think this is not the part of our standard disclosure, but this is in line with the market, what I can say.

Ashish Kejriwal: Okay. Secondly, on silver prices, obviously, you mentioned that you are not hedging any lead or zinc. But do you intend to hedge silver prices going forward? And what's your outlook on silver prices?

Sandeep Modi: So silver prices, as you see Mr. Misra said about the U.S. inflation. As the inflation goes down, these kind of metal -- precious metal, actually, prices increase. So we believe that the prices may hovering around between $25 to $27 per troy ounce. And at this point of time, I won't be in a position to comment about -- anything about the hedging. It is a very dynamic situation. And as and when something will be crystallized, it will be basically in the best interest of the company.

Ashish Kejriwal: Okay. And thirdly and last, on 3 or 4 years basis, government normally changes the royalty rates on zinc, lead or silver. So have we heard anything from the government that also they are going to change royalty based on the same?

Arun Misra: No, no, no. I don't think that is the case because just by virtue of LME only last year, the government got one of the highest ever royalties that they collected from us without having to do with the change in royalty rate. And I guess, there is no push or no pressure on government as of now to change the royalty rate. Everybody knows that LME coming down to $2,200 or $2,400 is a temporary phenomenon. It will come back to $3,000 again. So there's no pressure as such on government for this.

Ashish Kejriwal: So sir, when we are talking about zinc prices can go back to $2,900, $3,000, what gives us the confidence? Is it because demand recovery or cost push? Or if I ask now what will be the last quartile of the world cost curve in zinc which gives us the confidence that zinc prices can go back to $2,900, $3,000?

Arun Misra: So if you look at world economy, so there are no such any core factor that has undergone a big change. Everything is same. Of course, U.S. economy saw inflation push, but the Biden's infrastructure proposal coming down to ground and in fact if you look at cutting across party lines, senators and everybody taking credit of the infrastructure work is creating positivity. We see a big push in American economy recovery there. Europe, yes, it has -- I think the difficulty of gas issues and all that was behind them. And now it will come back in a big way. But whatever happens in those economies, we are primarily focused in domestic economy.

And as far as IMF reports are concerned, India still presents the best possible investment scenario for world money as far as manufacturing industry is concerned. And we are very hopeful with multiple state elections and then national elections next year, there'll be huge push on infrastructure, which will see a lot of building of infrastructure projects, which will have further zinc consumption.

So to me, the balanced status, which is between 2,800 to 3,000 will always remain. It's not a big issue. This current situation came because of, one, U.S., there was an issue regarding whether the debt ceiling will be breached or not. And second, people were not knowing what will happen to the Europe economy on a long drawn in Russia-Ukraine war. Now I think people have got adjusted whatever is happening on the geopolitical front is something everybody has learned to live it.

Ashish Kejriwal: Sir, what is the fourth quartile of the world cost curve?

Sandeep Modi: The fourth quartile of the global cost curve will be around $2,000. And if you read one of the mines, Tara of Boliden, they also had to suspend the operation on account of the -- when the LME was around $2,250. So, I think -- what we read from the media and the research reports, 90 percentile of the mines will have to be shut down if the prices go below $2,000.

Moderator: Next question is from the line of Pradeep from BFAM Partners.

Pradeep: I have a couple of follow-up questions. One from a capital structure point of view, obviously, we continue to have a net cash position, but that's kind of come down quite significantly. Going forward, is there any guidance that you can give to us, one, in terms of what kind of debt-to-EBITDA levels that you're comfortable with and probably any minimum cash level that you would like to kind of retain on the balance sheet? That's one.

And secondly, just some guidance from a brand fee perspective, we're probably at 2% right now. Is there an anticipation that in the coming years, given at the parent level, there are fair bit of financing requirements as well? Do we anticipate it is going up? And is there a level at which you think that the balance sheet kind of can be kept at?

Sandeep Modi: Yes. Thanks for the question. Sandeep here. So if you see the debt-to-EBITDA, currently we have at the June end, we have a gross debt of INR9,300 crores and cash of INR9,700 crores. And even at current level of the LME, if you see, we can easily generate the EBITDA of almost INR11,000 crores to INR12,000 crores.

So I won't be in a position to comment that debt-to-EBITDA what would be, but we are very comfortable situation, very strong balance sheet. And at current level of the LME also, given the volume and the cost structure we talked about, we can generate INR8,000 crores of the cash during this FY '24. That is with a certain assumption.

And second, coming back to about your question on the brand fees, at this point of time, this is 2%. And anything for that, any change, I think this is a subject to the Board approval. So I won't be able to comment anything on that part.

Moderator: I now hand the conference over to Ms. Jhalak Rastogi for closing comments.

Jhalak Rastogi: Thank you, everyone. With this, we close today's earnings call. For any follow-up questions or clarifications on the results, please feel free to reach out to Investor Relations team. Thank you.

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