

Hindustan Zinc Limited

Sector: Metals & Mining

11th November, 2025

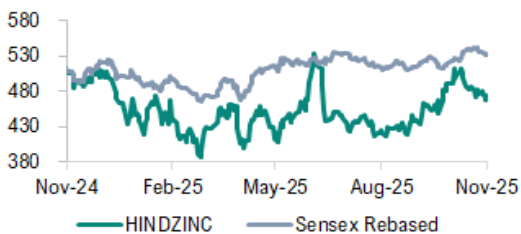
SELL

Key Changes		Target	Rating	Earnings		Target	Rs. 436
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 487
Large Cap	HZ:IN	83,871	HINDZINC	500188	12 Months	Return	-10%

Data as of: 11-Nov-2025, 16:00 hrs

Company Data			
Market Cap (Rs.cr)	205,963		
52 Week High — Low (Rs.)	547– 379		
Enterprise Value (Rs. cr)	211,591		
Outstanding Shares (cr)	422.5		
Free Float (%)	10.2		
Dividend Yield (%)	2.1		
6m average volume (cr)	0.6		
Beta	1.2		
Face value (Rs.)	2.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	63.4	61.8	61.8
FII's	1.4	1.4	1.3
MFs/Institutions	4.1	4.8	4.9
Public	2.8	3.7	3.5
Others	28.3	28.3	28.5
Total	100.0	100.0	100.0
Promoter Encumbrance	93.5	92.3	90.3
Price Performance	3 Month	6 Month	1 Year
Absolute Return	8.8%	7.0%	-3.5%
Absolute Sensex	2.7%	6.3%	4.0%
Relative Return	6.1%	0.7%	-7.5%

*over or under performance to benchmark index



Y.E March (Rs. cr)	FY25A	FY26E	FY27E
Sales	32,927	36,713	39,061
Growth (%)	17.2	11.5	6.4
EBITDA	17,352	20,065	21,415
EBITDA Margin (%)	52.7	54.7	54.8
Adj. PAT	10,279	11,781	12,911
Growth (%)	32.0	14.6	9.6
Adj. EPS	24.3	27.9	30.6
Growth (%)	32.0	14.6	9.6
P/E	19.0	17.4	15.8
P/B	14.7	16.8	17.6
EV/EBITDA	11.9	10.7	10.1
ROE (%)	77.3	96.5	111.2
D/E	0.8	0.9	1.0

Solid Results, But Cautious Outlook

Hindustan Zinc Ltd (HZL) is engaged in exploration, mining and smelting of zinc, lead and other non-ferrous metals. The company's products include zinc ore, lead-zinc concentrate, zinc metal, lead metal, cadmium metal, silver metal and sulphuric acid.

- HZL's standalone revenue in Q2FY26 grew 3.3% YoY to Rs. 8,259cr, fuelled by rising commodity prices, a strong US dollar and improved sales of by-products. But it was partially offset by a decline in production.
- Revenue from zinc rose 5% YoY to Rs. 5,354cr as the price of the metal rose 2.0% YoY to \$2,825 a metric tonne on the London Metal Exchange.
- Revenue from lead decreased 30% YoY to Rs. 840cr as the metal's price fell to \$1,966 a metric tonne in Q2FY26 from \$2,044 in Q2FY25. Revenue from silver rose 10% YoY to Rs. 1,706cr as prices on the London Bullion Market Association increased 34% YoY to \$39.4 per ounce.
- Standalone EBITDA increased 7.8% YoY to Rs. 4,426cr as production costs fell, by-products' realisations went up and the prices of input commodities softened.
- Reported PAT increased 14.5% YoY to Rs. 2,632cr owing to a growth in improved EBITDA and a fall in finance costs.

Outlook & Valuation

HZL's revenue growth in the quarter was partially offset by a decline in production due to delay in commissioning of Roaster 6, which has impacted the availability of Calcine affecting company's production. Strong private consumption, capital expenditure and favourable government policies have helped create a positive demand environment that is driving sales of zinc, lead and silver. At the same time, it is continuing with its prudent cost management, targeted growth initiatives, expanded value-added product offerings and the development of critical minerals, thereby driving long-term growth and profitability. However, trade tensions, volatile commodity cycles, and policy tightening in key economies have created uncertainty and challenges for the company, and its growing dependence on silver for profitability adds further risk if prices soften. Therefore, **we downgrade the rating from HOLD to SELL based on 8.8x FY27E EV/EBITDA with a revised target price of Rs. 436.**

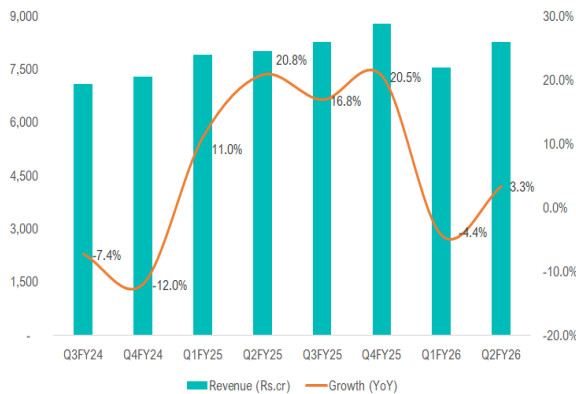
Quarterly Financial Standalone

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	8,259	7,994	3.3	7,544	9.5	15,803	15,887	-0.5
EBITDA	4,426	4,104	7.8	3,816	16.0	8,242	8,055	2.3
Margin (%)	53.6	51.3	230bps	50.6	300bps	52.2	50.7	150bps
EBIT	3,545	3,229	9.8	2,905	22.0	6,450	6,337	1.8
PBT	3,523	3,095	13.8	2,948	19.5	6,471	6,224	4.0
Rep. PAT	2,632	2,298	14.5	2,204	19.4	4,836	4,656	3.8
Adj PAT	2,632	2,381	10.5	2,204	19.4	4,836	4,739	2.0
Adj. EPS (Rs)	6.2	5.6	10.5	5.2	19.4	11.4	11.2	2.0

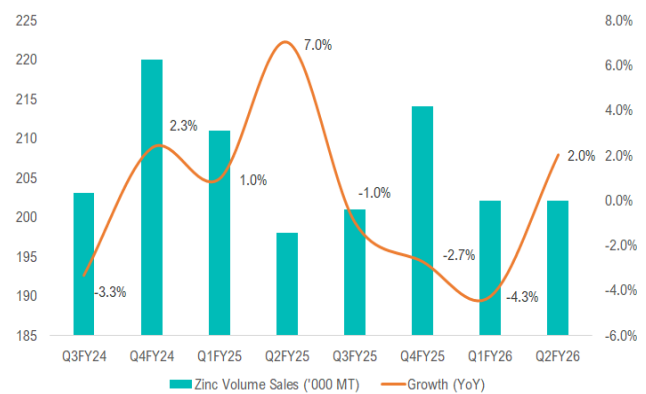
Key concall highlights

- The company reported production guidance for FY26 as follows: 1,125-1,135 KT for mined metal; 1,075-1,085 KT for re-refined metal; and 680-690 MT for saleable silver.
- As of September 30, 2025, the company had a strong financial position, with gross investments and cash reserves of Rs. 8,155cr invested in high-quality debt securities. The outstanding borrowings as on September 30, 2025, were Rs. 10,702cr. Notably, net debt decreased to Rs. 2,547cr from Rs. 4,185cr on June 30, 2025.
- In June 2025, the company's Board of Directors approved a major expansion plan, which involved increasing the integrated refined metal capacity by 250 KTPA, along with corresponding upgrades to the mines and mills. This project is expected to require an investment of approximately Rs. 12,000cr and is slated for completion by Q2FY29, with key engineering, procurement and construction (EPC) partners already on board.
- In August 2025, the Board approved the development of India's first tailings reprocessing plant at the Rampura Agucha site, with a feed capacity of 10 MTPA. This project will require an investment of Rs. 3,823cr. It is expected to be completed by Q4FY28.
- The 510 KTPA fertiliser plant is under progress and is expected to be completed by Q1FY27.

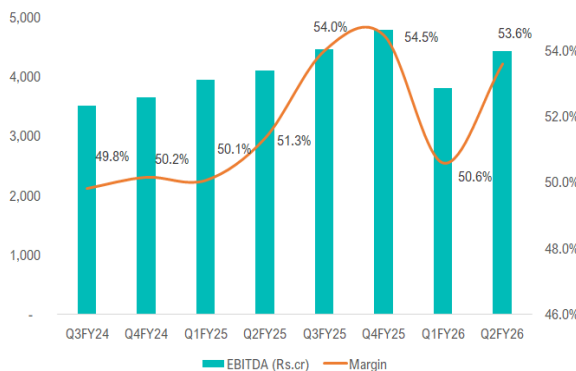
Revenue



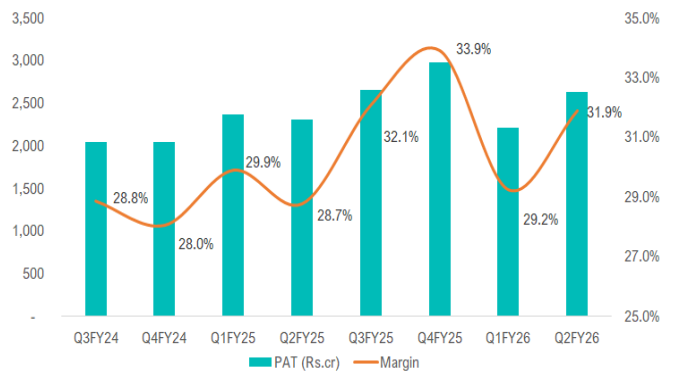
Volume sales



EBITDA



PAT



Change in Estimates

Year / Rs. cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	35,764	38,046	36,713	39,061	2.7	2.7
EBITDA	19,330	20,642	20,065	21,415	3.8	3.7
Margins (%)	54.0	54.3	54.7	54.8	70bps	50bps
Adj. PAT	11,561	12,437	11,781	12,911	1.9	3.8
Adj. EPS	27.4	29.4	27.9	30.6	1.8	3.9



Standalone Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	33,272	28,084	32,927	36,713	39,061
% change	15.6	-15.6	17.2	11.5	6.4
EBITDA	17,512	13,661	17,352	20,065	21,415
% change	7.9	-22.0	27.0	15.6	6.7
Depreciation	3,264	3,466	3,690	4,208	4,286
EBIT	14,248	10,195	13,662	15,857	17,129
Interest	333	955	1,111	1,245	1,285
Other Income	1,382	1,103	913	1,096	1,370
PBT	15,297	10,343	13,464	15,708	17,214
% change	8.5	-32.4	30.2	16.7	9.6
Tax	4,777	2,556	3,185	3,927	4,304
Tax Rate (%)	31.2	24.7	23.7	25.0	25.0
Reported PAT	10,520	7,787	10,279	11,781	12,911
PAT att. to common shareholders	10,520	7,787	10,279	11,781	12,911
Adj.*	-	-	-	-	-
Adj. PAT	10,520	7,787	10,279	11,781	12,911
% change	7.7	-26.0	32.0	14.6	9.6
No. of shares (cr)	422.5	422.5	422.5	422.5	422.5
Adj EPS (Rs.)	24.9	18.4	24.3	27.9	30.6
% change	7.8	-26.0	32.0	14.6	9.6
DPS (Rs.)	75.5	13.0	29.0	30.5	32.0

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	13,784	11,253	13,969	15,989	17,196
Non-cash adj.	880	1,825	-207	799	457
Other adjustments	-	-	-	-	-
Changes in W.C	502	265	365	-244	-11
C.F. Operation	15,166	13,343	14,127	16,544	17,642
Capital exp.	-3,470	-3,488	-4,313	-4,589	-4,883
Change in inv.	8,665	-133	1,096	1,194	384
Other invest.CF	1,330	216	559	746	820
C.F - Investment	6,525	-3,405	-2,658	-2,649	-3,679
Issue of equity	-	-	-	-	-
Issue/repay debt	8,964	-3,424	2,052	1,342	967
Dividends paid	-31,901	-5,493	-12,253	-12,866	-13,509
Other finance.CF	-287	-1,029	-1,225	-2,373	-1,416
C.F - Finance	-23,224	-9,946	-11,426	-13,897	-13,958
Chg. in cash	-1,533	-8	43	-2	5
Closing Cash	59	51	94	92	98

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	59	51	94	92	98
Accts. Receivable	380	161	112	190	215
Inventories	1,862	1,924	1,882	2,255	2,545
Other Cur. Assets	2,711	683	407	428	421
Investments	9,850	9,874	9,148	7,913	7,517
Gross Fixed As-sets	33,925	37,464	41,784	46,373	51,256
Net Fixed Assets	17,528	17,875	18,358	18,693	19,217
CWIP	2,107	1,529	2,552	2,599	2,671
Intangible Assets	92	180	130	137	137
Def. Tax -Net	-	-	-	-	-
Other Assets	865	1,627	1,735	1,708	1,688
Total Assets	35,454	33,904	34,418	34,013	34,509
Current Liabilities	7,101	6,608	6,514	6,773	6,657
Provisions	189	199	200	216	233
Debt Funds	11,860	8,634	10,828	11,170	12,137
Other Liabilities	3,362	3,230	3,586	3,649	3,875
Equity Capital	845	845	845	845	845
Res. & Surplus	12,097	14,388	12,445	11,360	10,762
Shareholder Funds	12,942	15,233	13,290	12,205	11,607
Minority Interest	-	-	-	-	-
Total Liabilities	35,454	33,904	34,418	34,013	34,509
BVPS	31	36	31	29	27

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	52.6	48.6	52.7	54.7	54.8
EBIT margin (%)	42.8	36.3	41.5	43.2	43.9
Net profit mgn.(%)	31.6	27.7	31.2	32.1	33.1
ROE (%)	81.3	51.1	77.3	96.5	111.2
ROCE (%)	57.4	42.7	56.6	67.8	72.1
W.C & Liquidity					
Receivables (days)	4.2	2.1	1.2	1.9	2.0
Inventory (days)	89.2	113.5	102.2	113.5	114.6
Payables (days)	100.0	124.0	120.0	121.5	122.4
Current ratio (x)	0.9	1.2	1.0	0.9	0.8
Quick ratio (x)	0.7	0.9	0.8	0.7	0.6
Turnover & Leverage					
Gross asset T.O (x)	1.0	0.8	0.8	0.8	0.8
Total asset T.O (x)	0.8	0.8	1.0	1.1	1.1
Int. covge. ratio (x)	42.8	10.7	12.3	12.7	13.3
Adj. debt/equity (x)	0.9	0.6	0.8	0.9	1.0
Valuation					
EV/Sales (x)	4.1	4.7	6.3	5.8	5.4
EV/EBITDA (x)	7.8	9.7	11.9	10.5	9.9
P/E (x)	11.8	15.9	19.0	17.0	15.5
P/B (x)	9.6	8.1	14.7	16.4	17.3



Recommendation Summary (Last 3 years)



Dates	Rating	Target
27-Jul-22	REDUCE	251
07-Feb-23	REDUCE	298
23-Oct-23	REDUCE	258
02-May-24	HOLD	452
20-Aug-24	HOLD	524
04-Mar-25	HOLD	422
30-Jul-25	HOLD	476
11-Nov-25	SELL	436


Investment Rating Criteria


Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%


Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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