

Hindustan Zinc Limited

HOLD

Sector: Metals & Mining

30th July, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 476
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	HZ:IN	81,482	HINDZINC	500188	12 Months
				CMP	Rs. 432
				Return	+10%

Data as of: 30-07-2025, 17:00 hrs

Company Data			
Market Cap (Rs.cr)	182,703		
52 Week High — Low (Rs.)	664 - 379		
Enterprise Value (Rs. cr)	192,388		
Outstanding Shares (cr)	422.5		
Free Float (%)	8.7		
Dividend Yield (%)	6.7		
6m average volume (cr)	0.4		
Beta	1.2		
Face value (Rs.)	2.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	63.4	63.4	61.8
FII's	1.4	1.4	1.4
MFs/Institutions	4.1	4.1	4.8
Public	2.9	2.8	3.7
Others	28.2	28.3	28.3
Total	100.0	100.0	100.0
Promoter Encumbrance	93.5	93.5	92.3
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-0.5%	-5.6%	-29.7%
Absolute Sensex	3.3%	7.6%	2.1%
Relative Return	-3.8%	-13.1%	-31.8%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	32,927	35,764	38,046
Growth (%)	17.2	8.6	6.4
EBITDA	17,352	19,330	20,642
EBITDA Margin (%)	52.7	54.0	54.3
Adj. PAT	10,279	11,561	12,437
Growth (%)	32.0	12.5	7.6
Adj. EPS	24.3	27.4	29.4
Growth (%)	32.0	12.5	7.6
P/E	19.0	16.2	15.1
P/B	14.7	15.6	17.2
EV/EBITDA	11.9	10.3	9.7
ROE (%)	77.3	96.5	114.0
D/E	0.8	1.0	1.2

Soft earnings, ambiguous 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.

- In Q1FY26, standalone revenue saw a 4.4% YoY decline to Rs. 7,544cr, primarily due to a fall in volume and prices of zinc and lead. However, this was partially mitigated by an increase in silver prices, a stronger US dollar and higher realisations from by-products.
- Revenue from zinc sales fell 7.3% YoY to Rs. 4,935cr, primarily because of a decline in the average price of metal on the London Metal Exchange (LME). The LME zinc price itself decreased 6.8% YoY to \$2,641 per metric tonne.
- Revenue from lead decreased 12.6% YoY to Rs. 872cr owing to a fall in prices, which stood at \$1,947 per metric tonne. Silver revenue stood flat YoY at Rs. 1,427cr.
- EBITDA dropped 3.4% to Rs. 3,816cr. However, margin was up 50bps at 50.6%, owing to improved operational efficiency.
- The company's reported profit after tax decreased to Rs. 2,204cr, marking a 6.5% YoY decline, primarily due to a lower topline.

Outlook & valuation

HZL's revenue was impacted by the decline in sales volume and prices of zinc and lead, with additional pressure coming from planned maintenance work. However, its future growth trajectory is expected to be supported by a favourable outlook for silver prices, a robust cash and cash equivalent and a strategic investment plan. Furthermore, the implementation of cost-saving measures is expected to bolster the company's resilience in a challenging operating environment. While global economic uncertainties persist, the company's exposure to the Indian market, which is exhibiting strong domestic momentum and infrastructure-driven growth, is likely to provide a tailwind. Therefore, **we retain our rating on the stock at HOLD based on 10x FY27E EV/EBITDA with a rolled forward target price of Rs. 476.**

Quarterly Financials Standalone

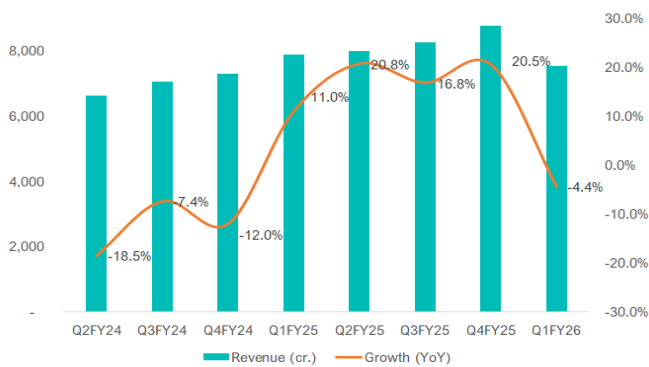
Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	7,544	7,893	-4.4	8,783	-14.1
EBITDA	3,816	3,951	-3.4	4,783	-20.2
Margin (%)	50.6	50.1	50bps	54.5	-390bps
EBIT	2,905	3,108	-6.5	3,770	-22.9
PBT	2,948	3,129	-5.8	3,749	-21.4
Rep. PAT	2,204	2,358	-6.5	2,976	-25.9
Adj PAT	2,204	2,358	-6.5	2,976	-25.9
Adj. EPS (Rs)	5.2	5.6	-6.5	7.1	-25.9



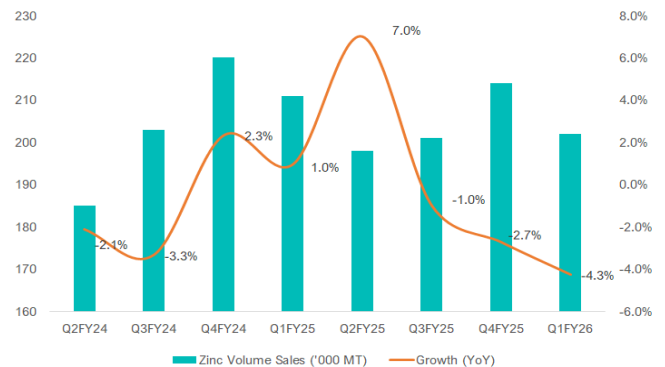
Key concall highlights

- The management reaffirmed its production outlook for FY26, maintaining its guidance at 1,115-1,135 KT for mined metals, 1,090-1,110 KT for refined metals and 700-710 tonne for silver.
- In June 2025, the Board approved a capacity expansion plan that entails increasing the integrated refined metal capacity by 250 KTPA, along with corresponding enhancements to mine and mill capacities, with a total investment outlay of approximately Rs. 12,000cr.
- As of June 30, 2025, the company maintained a robust financial position, with gross investments, and cash and cash equivalents total-ling Rs. 9,340cr, which were invested in high-quality debt instruments, while its total outstanding borrowings stood at Rs. 13,524cr.
- It acquired 3 critical mineral blocks — potash (Rajasthan), rare earth elements (UP) and tungsten (AP) — to enter into the strategic mineral space.
- The brand fee payment to Vedanta has increased from 2% to 3% of the revenue and will remain at this level until FY27, as per the contract terms.
- Hindustan Zinc Alloys, a wholly-owned subsidiary, achieved a record quarterly production of 5.1 KT, thereby increasing HZL's overall value-added production.
- Notable ongoing projects include the 160 KTPA Debari Roaster and debottlenecking initiatives, with both projects slated for commission- ing by the second quarter of FY26, marking key milestones in the company's expansion and optimisation efforts.

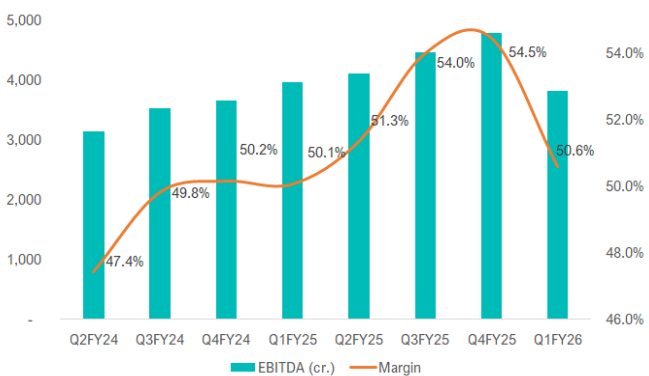
Revenue



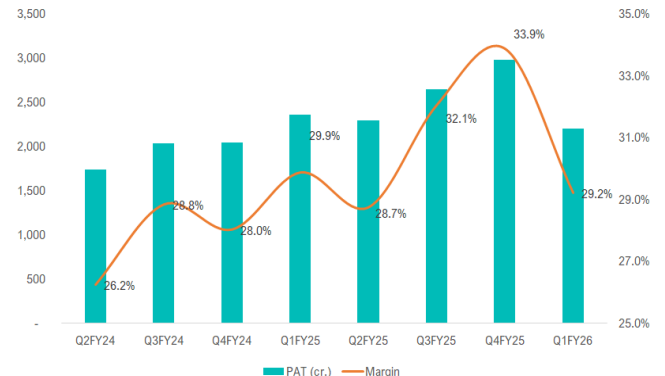
Volume Sales



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	36,649	38,541	35,764	38,046	-2.4	-1.3
EBITDA	19,522	20,873	19,330	20,642	-1.0	-1.1
Margins (%)	53.3	54.2	54.0	54.3	70bps	10bps
Adj. PAT	12,278	13,153	11,561	12,437	-5.8	-5.4
EPS	29.1	31.1	27.4	29.4	-6.0	-5.4



Standalone Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	33,272	28,084	32,927	35,764	38,046
% change	15.6	-15.6	17.2	8.6	6.4
EBITDA	17,512	13,661	17,352	19,330	20,642
% change	7.9	-22.0	27.0	11.4	6.8
Depreciation	3,264	3,466	3,690	3,787	3,890
EBIT	14,248	10,195	13,662	15,543	16,752
Interest	333	955	1,111	1,245	1,398
Other Income	1,382	1,103	913	1,096	1,205
PBT	15,297	10,343	13,464	15,393	16,559
% change	8.5	-32.4	30.2	14.3	7.6
Tax	4,777	2,556	3,185	3,832	4,122
Tax Rate (%)	31.2	24.7	23.7	24.9	24.9
Reported PAT	10,520	7,787	10,279	11,561	12,437
PAT att. to common shareholders	10,520	7,787	10,279	11,561	12,437
Adj.*	-	-	-	-	-
Adj. PAT	10,520	7,787	10,279	11,561	12,437
% change	7.7	-26.0	32.0	12.5	7.6
No. of shares (cr)	422.5	422.5	422.5	422.5	422.5
Adj EPS (Rs.)	24.9	18.4	24.3	27.4	29.4
% change	7.8	-26.0	32.0	12.5	7.6
DPS (Rs.)	75.5	13.0	29.0	30.5	32.0

Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	13,784	11,253	13,969	15,349	16,327
Non-cash adj.	880	1,825	-207	691	533
Other adjustments					
Changes in W.C	502	265	365	93	67
C.F. Operation	15,166	13,343	14,127	16,132	16,927
Capital exp.	-3,470	-3,488	-4,313	-4,470	-4,756
Change in inv.	8,665	-133	1,096	522	795
Other invest.CF	1,330	216	559	746	820
C.F - Investment	6,525	-3,405	-2,658	-3,202	-3,140
Issue of equity	-	-	-	-	-
Issue/repay debt	8,964	-3,424	2,052	1,330	1,275
Dividends paid	-31,901	-5,493	-12,253	-12,866	-13,509
Other finance.CF	-287	-1,029	-1,225	-1,373	-1,542
C.F - Finance	-23,224	-9,946	-11,426	-12,909	-13,776
Chg. in cash	-1,533	-8	43	21	12
Closing Cash	59	51	36	57	68

Balance Sheet

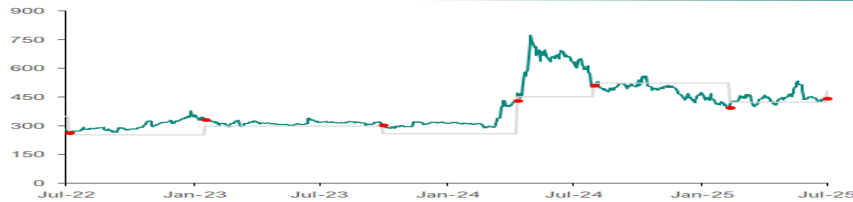
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	59	51	94	57	68
Accts. Receivable	380	161	112	132	152
Inventories	1,862	1,924	1,882	1,913	2,122
Other Cur. Assets	2,711	683	407	379	347
Investments	9,850	9,874	9,148	8,691	7,908
Gross Fixed As-sets	33,925	37,464	41,784	46,254	51,010
Net Fixed Assets	17,528	17,875	18,358	18,958	19,718
CWIP	2,107	1,529	2,552	2,635	2,741
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	34,610	34,882
Current Liabilities	7,101	6,608	6,514	6,654	6,527
Provisions	189	199	200	220	242
Debt Funds	11,860	8,634	10,828	12,158	13,433
Other Liabilities	3,362	3,230	3,586	3,592	3,766
Equity Capital	845	845	845	845	845
Res. & Surplus	12,097	14,388	12,445	11,141	10,069
Shareholder Funds	12,942	15,233	13,290	11,986	10,914
Minority Interest	-	-	-	-	-
Total Liabilities	35,454	33,904	34,418	34,610	34,882
BVPS	31	36	31	28	26

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	52.6	48.6	52.7	54.0	54.3
EBIT margin (%)	42.8	36.3	41.5	43.5	44.0
Net profit mgn.(%)	31.6	27.7	31.2	32.3	32.7
ROE (%)	81.3	51.1	77.3	96.5	114.0
ROCE (%)	57.4	42.7	56.6	64.4	68.8
W.C & Liquidity					
Receivables (days)	4.2	2.1	1.2	1.4	1.5
Inventory (days)	89.2	113.5	102.2	98.8	98.1
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	1.0	1.1
Int. covge. ratio (x)	42.8	10.7	12.3	12.5	12.0
Adj. debt/equity (x)	0.9	0.6	0.8	1.0	1.2
Valuation					
EV/Sales (x)	4.1	4.7	6.3	5.6	5.3
EV/EBITDA (x)	7.8	9.7	11.9	10.3	9.7
P/E (x)	11.8	15.9	19.0	16.2	15.1
P/B (x)	9.6	8.1	14.7	15.6	17.2



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


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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