

Hindustan Zinc | BUY

Margins improve given higher silver prices; outlook optimistic

Hindustan Zinc (HZL) reported 4QFY26 consolidated EBITDA of INR 77bn, higher than JMFe of INR 70bn driven by higher-than-expected silver realisation and lower-than-expected cost of production (CoP). Zinc CoP (ex-royalty) decreased to USD903/t in 4QFY26 (from USD940/t in 3QFY26) driven by lower power cost due to higher domestic coal usage & softened coal prices. For FY27E, management guided for zinc CoP of USD 975–1,000/t. Adjusted PAT came in at INR 50.3bn, up 29% QoQ. Key takeaways from results call: i) volume guidance for FY27 for mined metals / refined metals / silver at 1,150 (+/-10) ktpa / 1,100 (+/-10) ktpa / 680 (+/-10) tpa ii) Growth capex guidance for FY27 stands at USD 500–600mn. iii) Renewable energy contributes ~18% currently to total power requirement; the company expects this to go up to 35–40%/70% in FY27E/28E, which could lead to a cost reduction of ~USD 25/t. HZL reported net cash of INR 56bn versus ~INR 3bn at end-Dec'25. Company has declared an interim dividend of INR11/sh. We remain positive on HZL given its presence in the lower end of the global cost curve facilitated by high grade captive mines sufficient to meet requirements for decades, 100% captive power plants, sizeable scale, diversified revenue stream with increasing contribution from silver sales. Maintain BUY.

- Margins improve, courtesy higher silver and lower costs:** The company registered net sales of ~INR 135bn, up ~23% QoQ, driven by higher silver realisation. Consolidated EBITDA stood at ~INR 77bn, higher than JMFe of ~INR 70bn driven by higher silver realisation and lower CoP. Zinc CoP for 4Q stood at USD 903/t, down QoQ led by lower power cost due to higher domestic coal usage, softened coal prices, better mined grades and increased metal production. Consequently, EBITDA for the quarter came in at INR 77bn, up ~27% QoQ. Mined metal production for 4Q rose ~4.4% sequentially to 282kt versus 270kt in 3Q. Adjusted PAT shot up 29% QoQ to INR 50.3bn. In FY27, company has guided for zinc CoP of USD 975–1,000/t. The company reported a net cash position of ~INR56bn compared with ~INR3bn at the end of Dec'25. Company has declared an interim dividend of INR11/sh.
- Hedging to safeguard margins:** Going ahead, company plans to hedge 10–20% of its annual volumes not exceeding 12 months. It has hedged 20kt of zinc at USD 3.1k/t and 25tons of silver at USD 57/t.oz in Q1FY27 and plans to hedge a similar percentage of volumes ahead to ensure margin stability. Strategically, the company plans to shift its production to lead and silver if zinc prices fall and silver prices remain high to maximise profitability. For FY26, renewable energy mix stood at ~18% of total power requirement, and is expected to go up to 30–35% by FY27E with a goal of ~70% by FY28E, which could lead to a cost reduction of ~USD 25/t. The sourcing mix for FY26 was 53% domestic coal, 18% renewable energy and 28% imported coal.
- FY27 guidance; outlook positive:** Company has maintained its FY27 volume guidance for mined metals / refined metals / silver to 1,150 (+/-10) ktpa / 1,100 (+/-10) ktpa / 680 (+/-10) tpa. Moving ahead, the company expects robust demand for silver spurred by industrial applications in the solar and electronics industries. The 510ktpa fertiliser plant and the hot acid leaching plant at Dariba would be commissioned by Q2FY27E. The growth capex for FY27 is expected to be USD 500mn–600mn. The company will commission the phosphoric acid plant in Q2FY27E followed by a DAP manufacturing plant by the end of CY26 or beginning of CY27.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	765
Upside/(Downside)	29.2%
Previous Price Target	800
Change	-4.3%

Key Data – HZ IN EQUITY

Current Market Price	INR592
Market cap (bn)	INR2,501.8/US\$26.6
Free Float (%)	10.2%
Shares in issue (mn)	4,225.3
Diluted share (mn)	4,225.3
3-mon avg daily val (mn)	INR7,341.4/US\$78.1
52-week range	INR733/398
Sensex/Nifty	77,664/24,173
INR/US\$	94.1

Price Performance

%	1M	6M	12M
Absolute	21.4	22.8	31.9
Relative*	15.8	33.2	35.5

*To the NSE Nifty 50

Financial Summary

	(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Net Sales	289,320	340,830	408,440	488,906	526,758
Sales Growth (%)	-15.2	17.8	19.8	19.7	7.7
EBITDA	136,560	173,880	220,640	272,616	297,418
EBITDA Margin (%)	47.2	51.0	54.0	55.8	56.5
Adjusted Net Profit	77,590	104,360	138,070	173,975	188,946
Diluted EPS (INR)	18.4	24.7	32.7	41.2	44.7
Diluted EPS Growth (%)	-26.2	34.5	32.3	26.0	8.6
ROIC (%)	57.7	76.7	88.9	89.9	76.0
ROE (%)	55.2	73.2	76.8	70.3	58.8
P/E (x)	32.2	24.2	18.1	14.4	13.2
P/B (x)	16.5	18.8	11.1	9.3	6.7
EV/EBITDA (x)	18.9	15.0	11.7	9.4	8.4
Dividend Yield (x)	2.2	2.2	3.4	3.4	3.4

Source: Company data, JM Financial. Note: Valuations as of April 24, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Q4FY26 conference call takeaways

■ FY27 guidance

- Mined metal: 1,150 (+/-10) ktpa
- Refined metals: 1,100 (+/-10) ktpa
- Silver: 680 (+/-10) metric tons
- Zinc CoP is expected to be in USD 975–1,000/t range ahead.
- Growth capex: USD 500mn–600mn in FY27

■ Hedging for Q1FY27

- 20kt of zinc hedged at USD 3,100/t
- 25 tons of silver hedged at USD 57/t.oz

■ Hedging for FY27

- 71kt of zinc hedged at USD 3,225/t
- 59 tons of silver hedged at USD60/t.oz

■ Project updates

- The 510 ktpa fertiliser plant would be commissioned by Q2FY27E.
- Hot acid leaching plant at Dariba would be completed by Q2FY27E.
- Integrated refined metal capacity of 250ktpa would be commissioned by Q2FY29E.
- Zinc tailing reprocessing plant of 10mtpa at Rampura Agucha to be commissioned by Q4FY28.

■ Demand for silver to be robust driven by industrial demand from the solar and electronics industries.

■ Phosphoric acid plant to be commissioned over the next three months followed by a DAP manufacturing plant by the end of CY26 or beginning of CY27.

■ Coal sourcing mix

- For FY26 - domestic coal/renewable energy/imported coal – 53%/18%/28%
- For Q4FY26 - domestic coal/renewable energy/imported coal – 64%/18%/18%

■ Zinc CoP for Q4FY26 stood at USD 903/t – better YoY on account of lower power cost driven by higher domestic coal usage and softened coal prices, higher by-product realisation, better mined grades and increased metal production.

■ Zinc CoP for FY26 stood at USD 959/t better 9% YoY fuelled by lower power cost through higher domestic coal usage, softened coal prices and increased renewable energy usage, higher by-product realisation and better mined grades, somewhat offset by higher mine development.

■ Renewable energy mix for FY26 stands at ~18% of total power requirement. The company expects this to go up to 30–35% in FY27.

Exhibit 1: Quarterly performance

Y/E March (INR mn)	4QFY26	4QFY26E	% Var	4QFY25	YoY %	3QFY26	QoQ %	FY26	FY25	YoY%
Net Sales	135,440	125,473	7.9	90,870	49.0	109,800	23.4	408,440	340,830	0.2
Refined metals volume (k tons)	282	282	0%	274	2.9	270	4.4	1,049	1,053	-0.4%
Refined metals realization (US\$/ton)	3,162	3,178	0%	2,897	9.1	3,126	1.1	2,987.48	2,935	1.8%
Mining, manf. and power exp. (Incl. Change in Invent.)	39,430	38,239	3.1	28,790	37.0	33,980	16.0	130,610	117,060	11.6%
<i>Mining, manf. and power/t</i>	139,823	135,601		105,073		125,852		124,509	111,168.09	12.0%
<i>Change in inventory</i>	-2,540	0		-2,570		1,110				
<i>Change in inventory per ton</i>	-9,007	0		-9,380		4,111				
Gross profit	96,010	87,234		62,080		75,820		277,830	223,770	
<i>Gross margin (%)</i>	70.9%	69.5%		68.3%		69.1%		1	65.7%	
<i>Gross margin/t</i>	340,461	309,340		226,569		280,815		264,852	212,507	
Royalty expense	17,100	15,107	13.2	11,610	47.3	13,220	29.3	49,480	41,030	20.6%
<i>Royalty/t</i>	60,638	53,571		42,372		48,963		47,169	38,965	
<i>Royalty as a % of sales</i>	13%	12%		13%		12%				
Staff Cost	1,850	2,100	-11.9	2,270	-18.5	2,060	-10.2			
<i>Staff Cost/t</i>	6,560	7,447		8,285		7,630				
Total expenditure	58,380	55,446	5.3	42,670	36.8	49,260	18.5	187,800	166,950	12.5%
Reported COP w/o royalty (USD/t)	903	975		994	-9.2	940	-3.9	962	1,053	-8.7%
EBITDA	77,060	70,027	10.0	48,200	59.9	60,540	27.3	220,640	173,880	26.9%
<i>EBITDA (%)</i>	56.9	55.8		53.0		55.1		54	51	
<i>EBITDA /ton</i>	273,262	248,322		175,912	55.3	224,222	21.9	210,334	165,128	
Other income	2,800	2,593	8.0	2,270	23.3	2,930	-4.4	10,900	9,830	10.9%
Depreciation	10,480	11,000	-4.7	10,140	3.4	9,470	10.7	37,900	36,400	4.1%
EBIT	69,380	61,619		40,330	72.0	54,000	28.5	193,640	147,310	31.5%
Interest	1,870	2,196	-14.8	2,510		1,950		8,810	10,950	-19.5%
PBT	67,510	59,423		37,820	78.5	52,050	29.7	184,830	136,360	35.5%
XO items	0	0		0		250		250	(830)	
Tax	17,180	14,856		7,790		13,140		46,760	32,000	
<i>Eff. Tax rate (%)</i>	25.4	25.0		20.6		25.2		25	23	
Reported PAT	50,330	44,568	12.9	30,030	67.6	39,160	28.5	138,320	103,530	33.6%
Adjusted PAT	50,330	44,568	12.9	30,030	67.6	38,910	29.3	138,070	104,360	32.3%
Net debt/(cash)	(56)	-		12		(3)		(56)	11.7	

Source: Company, JM Financial

Exhibit 2: Operational performance

Operational parameters	4QFY26	4QFY26E	% Var	4QFY25	YoY %	3QFY26	QoQ %	FY26	FY25	YoY%
Volumes (tons)										
Zinc	227,000	227,000	0.0	218,000	4.1	221,000	2.7	852,000	828,000	2.9%
Lead	55,000	55,000	0.0	56,000	-1.8	49,000	12.2	197,000	225,000	-12.4%
Silver (kgs)	176,000	176,000	0.0	177,000	-0.6	158,000	11.4	630,000	688,000	-8.4%
Actual realization (USD/ton)										
Zinc	3,372	3,438	-1.9	3,098	8.8	3,293	2.4	3,160	3,128	1.0%
Lead	2,294	2,105	9.0	2,115	8.4	2,373	-3.3	2,243	2,223	0.9%
Silver (USD/kg)	2,506	2,224	12.7	1,100	127.9	1,901	31.9	1,769	1,054	67.8%
LME Spot Prices										
Zinc	3,243	3,243		2,865	13.2	3,045	6.5	2,942	2,904	1.3%
Lead	1,931	1,931		1,990	-3.0	2,005	-3.7	1,976	2,082	-5.1%
Implied premium (USD/ton)										
Zinc	129	195	(33)	233	-44.5	248	-47.9	218	224	-2.9%
Lead	363	174	109	125	189.5	368	-1.5	267	142	88.6%
INR/USD	91.4	91.4		86.7	5.4	89.1	2.6	88	84.5	4.5%

Source: Company, JM Financial

Exhibit 3: Fair value		(INR bn)
		FY28E
EPS		45
P/E Target multiple (x)		17.0
Target price (INR/share)		765

Source: JM Financial

Exhibit 4: Key assumptions					
	FY24	FY25	FY26	FY27E	FY28E
Zinc (USD/ton)	2,489	2,910	2,951	3,050	3,100
Lead (USD/ton)	2,117	2,081	1,988	2,050	2,100
INR/USD	83.4	84.5	88.0	92.0	92.0
Sales volume assumptions	FY24	FY25	FY26	FY27E	FY28E
Zinc (ktpa)	817	827	852	864	912
Lead (ktpa)	216	225	197	228	228
Silver (ktpa)	746	687	617	713	721
Financial assumptions	FY24	FY25	FY26	FY27E	FY28E
Revenue	289,320	340,830	408,440	488,906	526,758
EBITDA	136,560	173,880	220,640	272,616	297,418
PAT	77,590	104,360	138,070	173,975	188,946
EPS	18.4	24.7	32.7	41.2	44.7

Source: Company, JM Financial

Exhibit 5: EBITDA sensitivity to commodity, currency and CoP

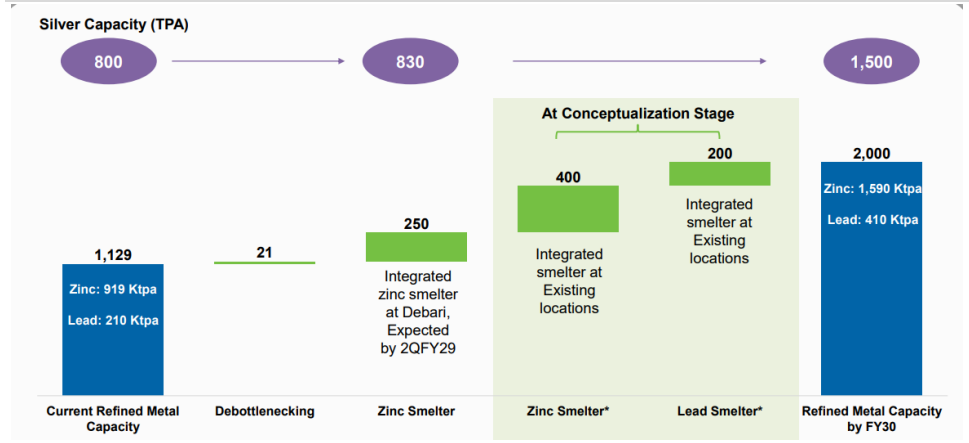
Impact of change in Commodity Prices on annual EBITDA		
Commodity	Change	Impact on EBITDA (₹ crore)
Zinc	\$100/MT	675-700
Lead	\$100/MT	125-150
Silver	\$1/toz	175-200

Impact of exchange rate change on annual EBITDA		
Currency	Change	Impact on EBITDA (₹ crore)
INR/USD	₹ 1	275-300

Impact of change in zinc COP on annual EBITDA		
Particular	Change	Impact on EBITDA (₹ crore)
Zinc COP	\$25/MT	200-225

Source: Company, JM Financial

Exhibit 6: Long-term value creation for Hindustan Zinc



Source: Company, JM Financial

Exhibit 7: Changes in estimates

	Unit	Old			New			% Change		
		FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
Net Sales	INR mn	405,300	488,906	526,758	405,300	488,906	526,758	0.0%	0.0%	0.0%
EBITDA	INR mn	211,017	272,616	297,418	211,017	272,616	297,418	0.0%	0.0%	0.0%
PAT	INR mn	130,762	173,975	188,946	130,762	173,975	188,946	0.0%	0.0%	0.0%
EPS		30.9	41.2	44.7	30.9	41.2	44.7	0.0%	0.0%	0.0%
Target Price	INR			800			765			-4.3%
Rating				BUY			BUY			

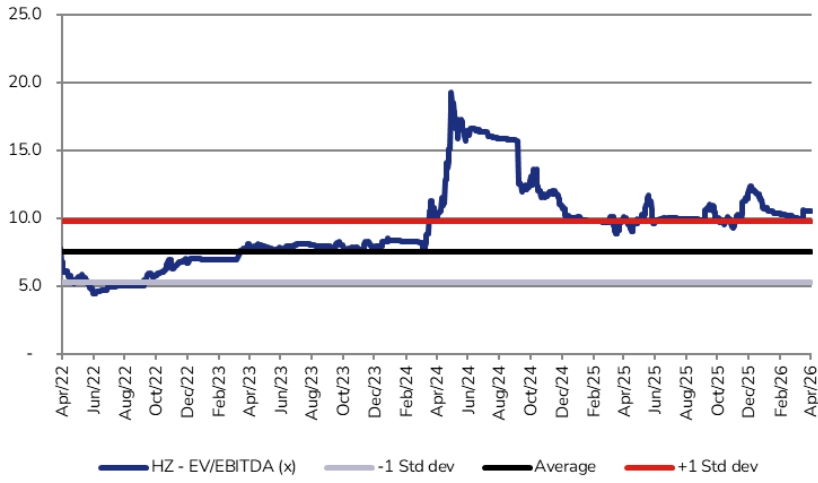
Source: JM Financial

Exhibit 8: Hindustan Zinc: 1Y forward PE valuation



Source: Bloomberg, JM Financial

Exhibit 9: Hindustan Zinc: 1Y forward EV/EBITDA valuation



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					
	(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Net Sales	289,320	340,830	408,440	488,906	526,758
Sales Growth (%)	-15.2	17.8	19.8	19.7	7.7
Other Operating Income	-	-	-	-	-
Total Revenue	289,320	340,830	408,440	488,906	526,758
Cost of Goods Sold/Op. Exp	18,230	19,940	40,985	49,242	52,245
Personnel Cost	8,280	8,860	8,917	9,282	9,690
Other Expenses	126,250	138,150	137,898	157,767	167,405
EBITDA	136,560	173,880	220,640	272,616	297,418
EBITDA Margin (%)	47.2	51.0	54.0	55.8	56.5
EBITDA Growth (%)	-22.0	27.3	26.9	23.6	9.1
Depn. & Amort.	34,680	36,400	37,900	41,873	46,773
EBIT	101,880	137,480	182,740	230,743	250,645
Other Income	10,740	9,830	10,900	11,004	11,844
Finance Cost	9,550	10,950	8,810	9,780	10,560
PBT before Excep. & Forex	103,070	136,360	184,830	231,966	251,928
Excep. & Forex Inc./Loss(-)	-	-	-	-	-
PBT	103,070	136,360	184,830	231,966	251,928
Taxes	25,480	32,000	46,760	57,992	62,982
Extraordinary Inc./Loss(-)	-	-830	250	-	-
Assoc. Profit/Min. Int.(-)	-	-	-	-	-
Reported Net Profit	77,590	103,530	138,320	173,975	188,946
Adjusted Net Profit	77,590	104,360	138,070	173,975	188,946
Net Margin (%)	26.8	30.6	33.8	35.6	35.9
Diluted Share Cap. (mn)	4,225	4,225	4,225	4,225	4,225
Diluted EPS (INR)	18.4	24.7	32.7	41.2	44.7
Diluted EPS Growth (%)	-26.2	34.5	32.3	26.0	8.6
Total Dividend + Tax	54,925	54,925	84,500	84,500	84,500
Dividend Per Share (INR)	13.0	13.0	20.0	20.0	20.0

Source: Company, JM Financial

Cash Flow Statement					
	(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Profit before Tax	77,590	103,530	138,320	173,975	188,946
Depn. & Amort.	34,680	36,400	37,900	41,873	46,773
Net Interest Exp. / Inc. (-)	-	-	-	-	-
Inc (-) / Dec in WCap.	14,070	5,380	-2,750	-14,811	-33,077
Others	-	-	-	-	-
Taxes Paid	-	-	-	-	-
Operating Cash Flow	126,340	145,310	173,470	201,037	202,643
Capex	-32,580	-47,410	-59,140	-80,860	-70,000
Free Cash Flow	93,760	97,900	114,330	120,177	132,643
Inc (-) / Dec in Investments	-3,450	4,800	-44,960	44,960	-
Others	-16,165	-70,205	38,940	-46,570	-
Investing Cash Flow	-52,195	-112,815	-65,160	-82,470	-70,000
Inc / Dec (-) in Capital	-	-	-	-	-
Dividend + Tax thereon	-54,925	-54,925	-84,500	-84,500	-84,500
Inc / Dec (-) in Loans	-31,590	22,450	-22,390	-22,610	-40,000
Others	-	-	-	-	-
Financing Cash Flow	-86,515	-32,475	-106,890	-107,110	-124,500
Inc / Dec (-) in Cash	-12,370	20	1,420	11,457	8,143
Opening Cash Balance	14,120	1,750	1,770	3,190	14,646
Closing Cash Balance	1,750	1,770	3,190	14,647	22,789

Source: Company, JM Financial

Balance Sheet					
	(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Shareholders Fund	151,950	133,260	226,290	268,996	373,443
Share Capital	8,450	8,450	8,450	8,450	8,450
Reserves & Surplus	143,500	124,810	217,840	260,546	364,993
Preference Share Capital	-	-	-	-	-
Minority Interest	-	-	-	-	-
Total Loans	87,220	109,670	87,280	64,670	24,670
Def. Tax Liab. / Assets (-)	23,110	22,920	22,650	22,920	22,920
Other non-current liabilities / Lease Liabilities	-	-	-	-	-
Total - Equity & Liab.	239,170	242,930	313,570	333,666	398,113
Net Fixed Assets	198,490	212,220	233,460	272,519	295,746
Gross Fixed Assets	419,880	458,190	509,300	598,190	668,190
Intangible Assets	-	-	-	-	-
Less: Depn. & Amort.	238,350	272,030	309,930	351,731	398,504
Capital WIP	16,960	26,060	34,090	26,060	26,060
Investments	104,520	99,720	144,680	99,720	99,720
Current Assets	35,940	33,020	45,560	73,234	88,400
Inventories	19,260	18,890	20,540	31,277	36,186
Sundry Debtors	1,550	1,170	3,990	3,902	4,204
Cash & Bank Balances	1,750	1,770	3,190	14,646	22,789
Loans & Advances	13,380	11,190	17,840	23,409	25,222
Other Current Assets	-	-	-	-	-
Current Liab. & Prov.	76,670	79,110	87,480	88,887	62,833
Current Liabilities	74,470	73,440	83,870	83,217	57,163
Provisions & Others	2,200	5,670	3,610	5,670	5,670
Net Current Assets	-40,730	-46,090	-41,920	-15,653	25,567
Other Non Current Assets/ROU Assets	-	-	-	-	-
Total - Assets	239,170	242,930	313,570	333,666	398,113

Source: Company, JM Financial

Dupont Analysis					
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Net Margin (%)	26.8	30.6	33.8	35.6	35.9
Asset Turnover (x)	1.2	1.4	1.5	1.5	1.4
Leverage Factor (x)	1.7	1.7	1.5	1.3	1.1
RoE (%)	55.2	73.2	76.8	70.3	58.8

Source: Company, JM Financial

Key Ratios					
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
BV/Share (INR)	36.0	31.5	53.6	63.7	88.4
ROIC (%)	57.7	76.7	88.9	89.9	76.0
ROE (%)	55.2	73.2	76.8	70.3	58.8
Net Debt/Equity (x)	0.6	0.8	0.4	0.2	0.0
P/E (x)	32.2	24.2	18.1	14.4	13.2
P/B (x)	16.5	18.8	11.1	9.3	6.7
EV/EBITDA (x)	18.9	15.0	11.7	9.4	8.4
EV/Sales (x)	8.9	7.7	6.3	5.2	4.8
Debtor days	2	1	4	3	3
Inventory days	24	20	18	23	25
Creditor days	178	161	163	140	91

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
9-Apr-26	Buy	800	3.9
19-Jan-26	Buy	770	28.4
17-Oct-25	Buy	600	9.0
18-Jul-25	Buy	550	0.0
17-Jun-25	Buy	550	3.7
25-Apr-25	Buy	530	-1.8
28-Jan-25	Buy	540	-0.1
18-Oct-24	Buy	540	0.0
2-Aug-24	Buy	540	40.4
19-Apr-24	Buy	385	22.1
19-Jan-24	Buy	315	-3.1
20-Oct-23	Buy	325	4.8
22-Jul-23	Buy	310	-7.5
23-Apr-23	Buy	335	-4.3
19-Jan-23	Buy	350	11.2
21-Oct-22	Buy	315	1.5
21-Jul-22	Buy	310	-12.6
22-Apr-22	Buy	355	8.6
21-Jan-22	Buy	327	-3.8
22-Oct-21	Buy	340	

Recommendation History Chart



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating	Meaning
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ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
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SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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