Hindustan Zinc – BUY

27 July 2026

Result review

1QFY27: By-products drive beat

Hindustan Zinc's (HZL) 1QFY27 Ebitda rose 5%/73% qoq/yoy (5% above IIFLe) driven by higher by-product credits (hence, lower costs at US$851/t). Silver prod. at 149t was flat yoy and it contributed 46% to Ebit. Expansion projects remain on track with further 600kt expansion at planning stage (expecting board approval by 3QFY27). Volume growth will remain muted in remain term (FY26-28ii 2.8% Cagr) till projects are commissioned. Mgmt. maintained 1.1mt production guidance for FY27 and is confident of improving run-rate over the next 3 quarters. We value HZ at 10x FY28ii Ebitda and reiterate BUY with unchanged TP of Rs722 (+36% potential upside), assuming US$3000/t zinc and US$60/oz silver over FY27-28ii.

Healthy 1Q driven by lower CoP: CoP at US$851/t was well below the mgmt. guidance of US$950-1000/t driven by higher by-product realisations. Metal production at 260kt was up 4% yoy. Silver contributed 46% of profitability in 1Q with silver revenue up 169% yoy supported by sharply higher prices (LBMA silver up 117% yoy to $73.2/oz). Mgmt. has not initiated any new hedges in FY27 amid market volatility. The share of renewables has risen to ~22%.

We maintain Silver at US$60/oz forecast: Silver has been volatile in the wake of rate hike concerns amidst escalating geopolitical tensions. However, we expect industrial demand tailwinds and continued market deficit to help stabilise prices above US$60/oz. Every US$10/oz change in silver prices impacts fair value by Rs61/share.

Strong Balance sheet to aid expansion: We expect HZL to maintain net cash position supported by strong fcf generation despite the planned capex. We value HZL at 10x FY28ii Ebitda to arrive at an unchanged fair value of Rs722 (silver US$60/oz). At 7.3x FY28ii Ebitda, risk reward is extremely favorable, though, rate hike concerns take center stage in the near term. Risks – sharp fall in silver prices, global slowdown, further stake sale by VEDL/govt. Reiterate BUY.

CMP	**Rs532**
12-mth TP (Rs)	**722 (36%)**
Market cap (US$m)	**23,276**
Enterprise value(US$m)	**22,714**
Bloomberg	**HZ IN**
Sector	**Metals**

Price performance (%)

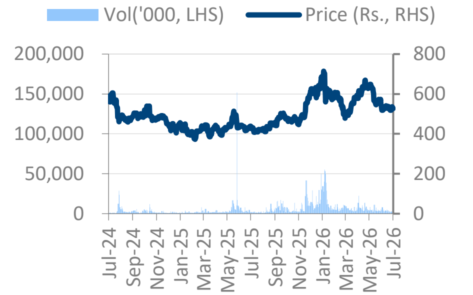
	1M	3M	1Y
Absolute (Rs)	(1.8)	(9.6)	19.2
Absolute (US$)	(3.8)	(11.8)	6.7
Relative Perf.	(0.8)	(9.1)	25.7
Cagr (%)		**3 yrs**	**5 yrs**
EPS (Rs)		9.6	11.6

Shareholding pattern (%)

Vedanta Ltd	60.7
Pledged (as % of promoter share)	90.7
FII	2.2
DII	5.0

52Wk High/Low (Rs)	714/408
Shares o/s (m)	4225
Del Value 3mth avg (US$ m)	14.5
Dividend yield FY27ii (%)	3.8
Free float (%)	39.3

Stock performance



Financial summary (Rs m)

Y/e 31 Mar, Consolidated	FY25A	FY26A	FY27ii	FY28ii	FY29ii
Revenues (Rs m)	340,830	408,440	468,132	484,566	507,020
Ebitda margins (%)	51.0	54.1	58.3	58.6	59.1
Pre-exceptional PAT (Rs m)	104,430	138,340	174,128	177,855	183,834
Reported PAT (Rs m)	103,600	138,590	174,128	177,855	183,834
Pre-exceptional EPS (Rs)	24.7	32.7	41.2	42.1	43.5
Growth (%)	34.1	32.5	25.9	2.1	3.4
PER (x)	21.5	16.2	12.9	12.6	12.2
ROE (%)	73.2	77.0	64.2	49.1	40.1
Net debt/equity (x)	0.1	(0.2)	(0.4)	(0.4)	(0.4)
EV/Ebitda (x)	**13.0**	**9.9**	**7.8**	**7.3**	**6.8**
Price/book (x)	16.9	9.9	7.1	5.5	4.4
OCF/Ebitda (x)	0.8	0.9	0.8	0.8	0.8

Source: Company, IIFL Research. Priced as on 24 July 2026

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Figure 1: 1QFY27 result snapshot

Financial Summary (Rs m)	1QFY26	4QFY26	1QFY27	YoY (%)	QoQ (%)
Revenue	**75,910**	**126,920**	**130,330**	**71.7**	**2.7**
Other operating income	1,800	8,520	7,140	296.7	-16.2
Net sales	85,490	135,440	137,470	60.8	1.5
- Raw material cost	-120	-2,540	-560	366.7	-78.0
- Power & fuel	6,320	6,270	6,990	10.6	11.5
Mining & Mfg. expense	6,060	3,730	6,430	6.1	72.4
Mining royalty	9,090	17,100	15,360	69.0	-10.2
Staff cost	1,920	1,850	2,040	6.3	10.3
Admin selling & other exp.	21,910	35,700	33,140	51.3	-7.2
Total Expenditure	**38,980**	**58,380**	**56,970**	**46.2**	**-2.4**
EBITDA	**46,510**	**77,060**	**80,500**	**73.1**	**4.5**
EBITDA Margin (%)	**52.0**	**56.9**	**58.6**		
Interest	2,400	1,870	1,320	-45.0	-29.4
Depreciation	9,130	10,480	9,200	0.8	-12.2
Other income	2,790	2,800	3,160	13.3	12.9
PBT before exceptional	37,770	67,510	73,140	93.6	8.3
Exceptional	-	-	0		
Profit before tax	37,770	67,510	73,140		
Tax	8,930	17,180	18,450	106.6	7.4
Reported PAT	**28,840**	**50,330**	**54,690**	**89.6**	**8.7**

Source: Company, IIFL Research

Figure 2: Production summary

Particulars	1QFY26	4QFY26	1QFY27	YoY (%)	QoQ (%)
Production (tonnes)					
Mined Metal	265,000	315,000	268,000	1.1	-14.9
Refined metal	250,000	282,000	260,000	4.0	-7.8
Zinc	202,000	227,000	213,000	5.4	-6.2
Lead	48,000	55,000	47,000	-2.1	-14.5
Silver	149	176	149	0.0	-15.3

Source: Company, IIFL Research

Figure 3: Sales volume summary

Sales (tonnes)	1QFY26	4QFY26	1QFY27	YoY (%)	QoQ (%)
Lead concentrate		12,000	10,000	100.0	-16.7
Refined metal	247,000	283,000	258,000	4.5	-8.8
Zinc	201,000	228,000	211,000	5.0	-7.5
Lead	48,000	55,000	47,000	-2.1	-14.5
Silver	145	176	149	2.8	-15.3
Zinc CoP (Excl. Royalty) - Rs/tonne	**86,426**	**82,594**	**80,446**	**-6.9**	**-2.6**

Source: Company, IIFL Research

Figure 4: Net realisation summary – Lead is higher YoY due to concentrate sales

	1QFY26	4QFY26	1QFY27	YoY (%)	QoQ (%)
Benchmark Price					
Zinc ($/t)	2,641	3,241	3,466	31.2	6.9
Lead ($/t)	1,947	1,931	1,954	0.4	1.2
Silver ($/oz)	34	84	73	117.2	-13.2
ASP					
Zinc ($/t)	2,869	3,354	3,656	27.4	9.0
Lead ($/t)	2,123	2,291	2,440	14.9	6.5
Silver ($/oz)	33	71	77	136.6	8.7
Premium					
Zinc ($/t)	228	113	190	-16.9	68.0
Lead ($/t)	176	360	486	176.2	35.0
Silver ($/oz)	-1	-13	4	-459.6	-129.6

Source: Company, IIFL Research

Key takeaways from the call

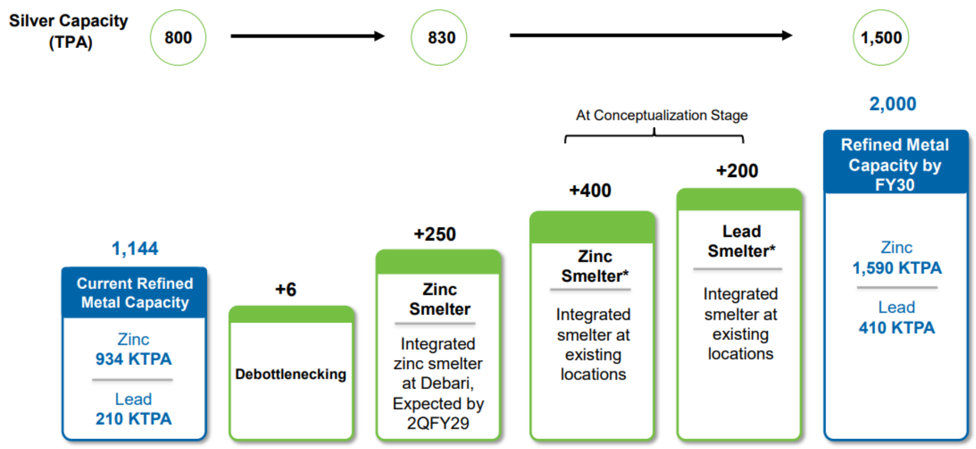
- COP (ex-royalty) fell to $851/t (down 16% yoy) and the lowest since the underground mining transition driven by higher by product realisations despite higher energy input costs.
- Mgmt. maintained the FY27 production guidance of 1.1mt with ~260kt refined metal produced in 1Q. No further smelter shutdowns are planned for the rest of the year.
- Debari 250 ktpa integrated smelter, hot acid leaching (Dariba), fertilizer plant (Chanderiya) and tailings reprocessing plant expansions are on track.
- A further 600kt capacity expansion is in conceptualization (~Rs240–250bn capex) pending a tendering process. Board approval is targeted for 3QFY27 with a 36-month construction period to follow.
- 10kt of lead concentrate (~9t silver-equivalent and ~6kt lead metal content) was sold in 1Q contributing Rs3.15bn to the topline.
- The newly secured Karnataka REE-Yttrium mining lease is at an early (G2) exploration stage. Mgmt. guided 2–3 years for exploration and resource establishment with actual production in ~5–6 years.
- Mgmt. has not initiated any new hedges in FY27 amid market volatility with outstanding open hedge positions at 48kt zinc at $3,162/t and 34t of silver at $63/oz.

Figure 5: HZ has forayed into critical mineral exploration

Block Name	Location	Mineral	Block Size (in ha)	Existing Resources (mt)	Exploration Timeline	Mining Timeline
Balepalyam	AP	Tungsten	308.3	0.07	Sep'28	Sep'30
Jhandawali-Satipura	Rajasthan	Potash	1,841.2	18.07	Dec'28	Apr'30
Nawatola-Laband	UP	REE	201.0	0.182	Dec'28	Jun'30
Gundlupet*	Karnataka	REE & Yttrium	314.2	REE: 11.48 Y: 7.18	-	-

Source: Company, IIFL Research, *LOI awaited for Gundulpet

Figure 6: HZ is on track for 2x growth by FY30 with 600kt smelter expansion at conceptualization stage



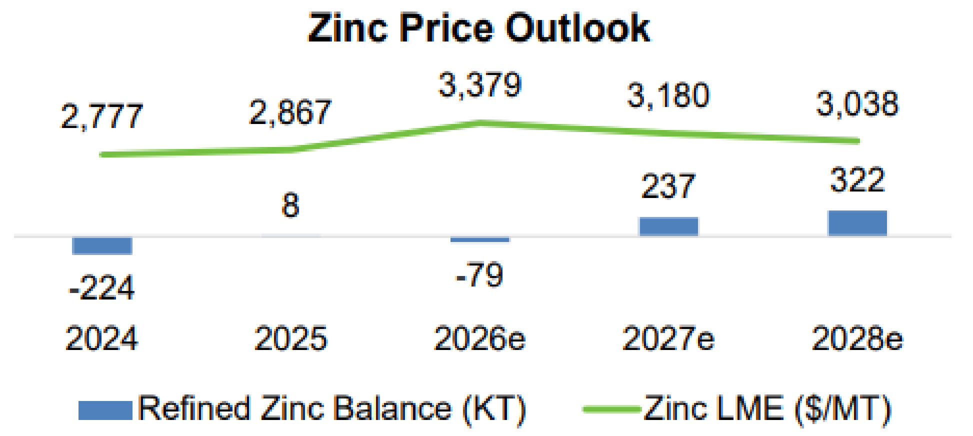
Source: Company, IIFL Research

Figure 7: ILZSG expects moderate surplus in Lead and higher surplus in Zinc in 2026E

	2020	2021	2022	2023	2024	2025	2026E
World Refined Lead							
Mine Production	4,437	4,509	4,440	4,469	4,539	4,570	4,670
Metal Production	12,541	13,367	13,162	13,590	13,416	13,650	13,470
Metal Usage	12,389	13,322	13,342	13,439	13,354	13,575	13,370
Net Balance	152	45	-180	151	62	75	100
World Refined Zinc							
Mine Production	12,267	12,797	12,464	12,208	11,959	12510	12800
Metal Production	13,855	13,928	13,395	13,845	13,557	13788	14130
Metal Usage	13,347	14,047	13,432	13,591	13,625	13808	13860
Net Balance	508	-119	-37	254	-68	-20	270

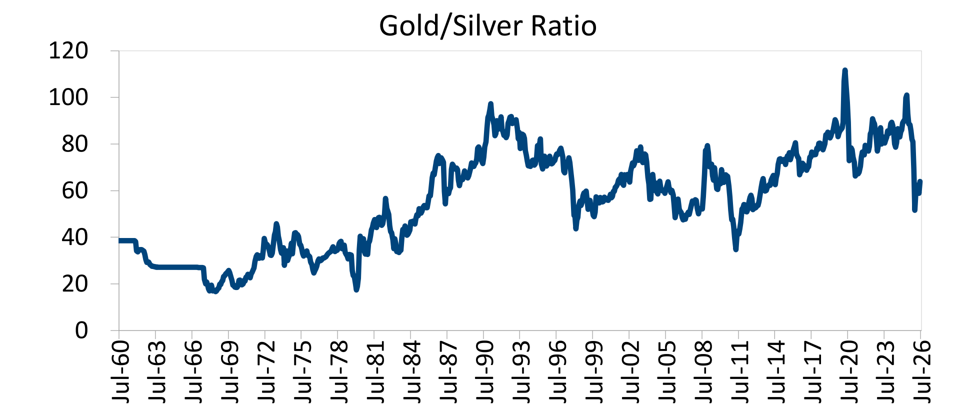
Source: Company, IIFL Research

Figure 8: Zinc price outlook as per Woodmac



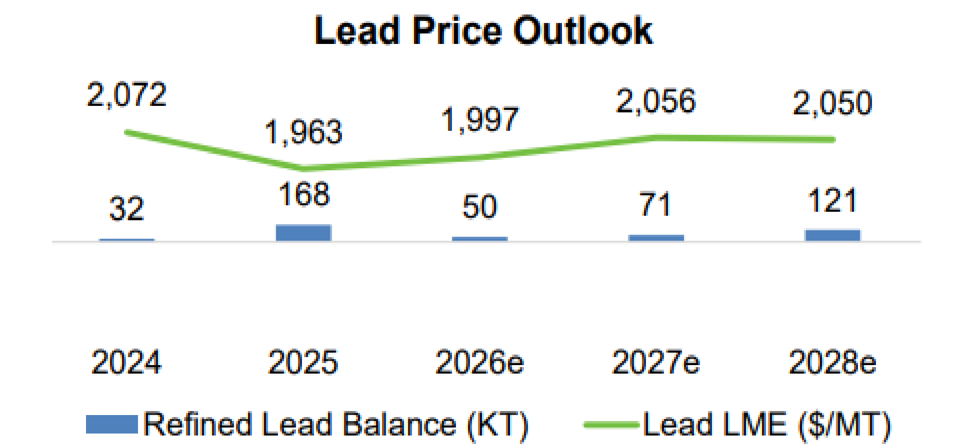
Source: Company, IIFL Research

Figure 10: Gold-silver ratio has risen to 69, vs a 60 year average of 55



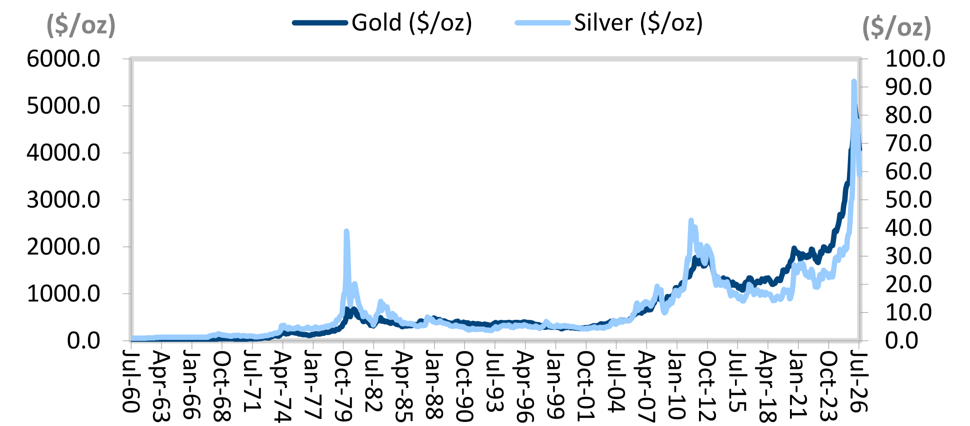
Source: Company, IIFL Research

Figure 9: Lead price outlook as per Woodmac



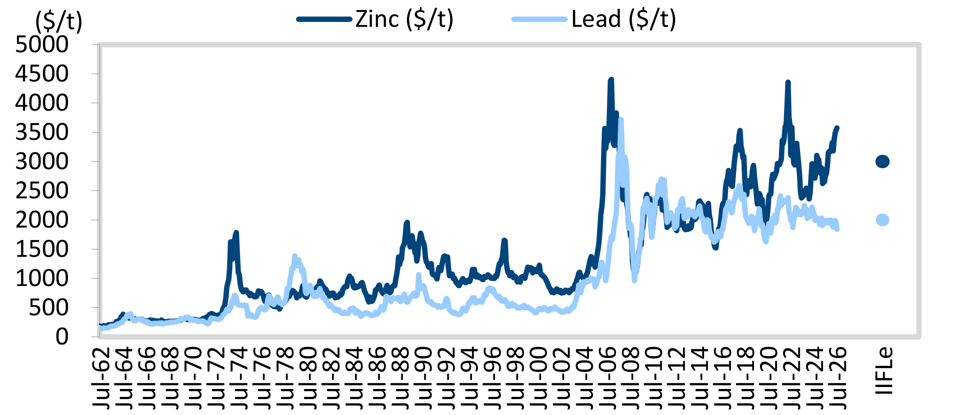
Source: Company, IIFL Research

Figure 11: Parabolic move in Silver as it caught up with sharp up move in Gold



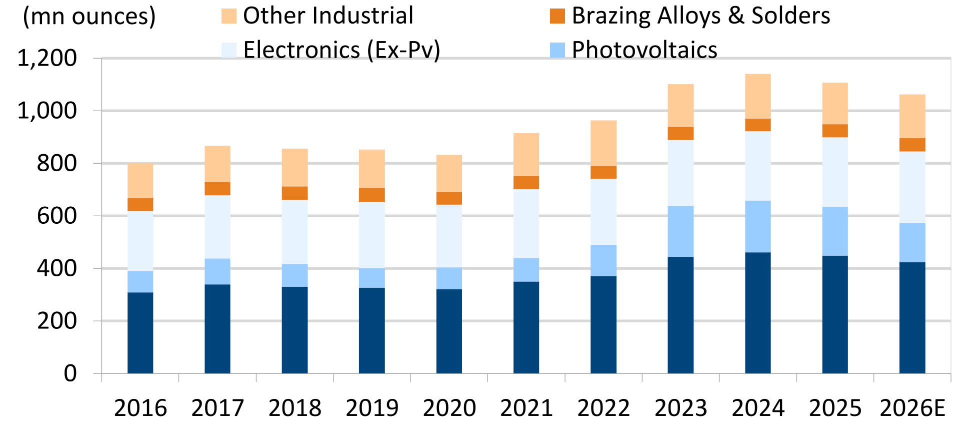
Source: Company, IIFL Research

Figure 12:We have assumed US$3000/t Zinc and US$2000/t Lead price in FY27/28



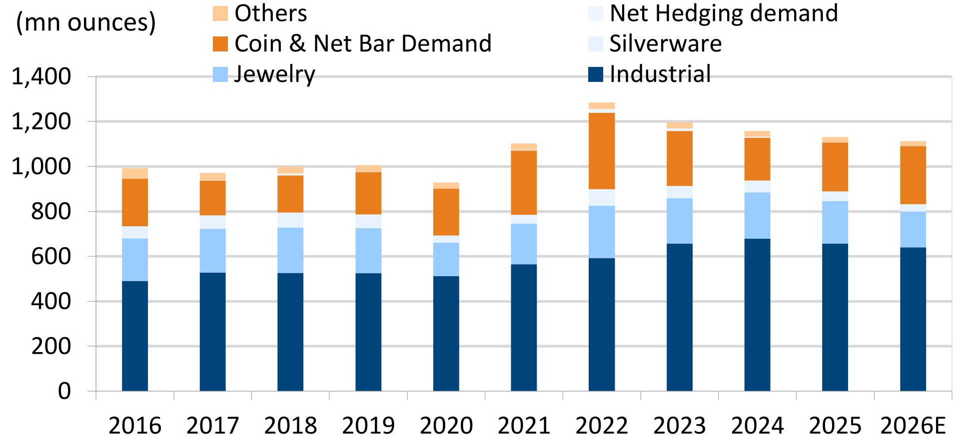
Source: Company, IIFL Research

Figure 14: Industrial demand improved as PV demand rose sharply CY22 onwards



Source: Company, IIFL Research

Figure 13: Surge in Industrial demand majorly due to Electronics, EV and Solar panels



Source: Silver Institute, IIFL Research

Figure 15:Silver demand-supply balance – rise in PV supported industrial demand, key to watch for CY26 as China solar addition slows down

Million ounces	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E
Supply											
Mine Production	900	863	850	837	790	825	834	811	824	847	844
Recycling	156	161	163	165	182	192	195	185	195	198	211
Net hedging supply		-	-	14	9	-	-	-	-	45	10
Others	1	1	1	1	1	2	2	2	2	2	1
Total Supply	**1,057**	**1,025**	**1,015**	**1,017**	**982**	**1,019**	**1,030**	**997**	**1,020**	**1,090**	**1,066**
Demand											
Industrial	491	528	526	525	512	564	592	657	679	657	640
Electrical & Electronics	309	339	330	327	321	351	371	444	461	450	423
...of which photovoltaics	82	99	87	75	83	89	118	193	198	187	151
Brazing Alloys & Solders	49	51	52	52	48	51	49	50	50	51	51
Other Industrial	133	138	144	146	143	163	172	163	168	157	166
Jewelry	189	195	202	200	150	181	233	202	205	189	159
Silverware	54	59	67	61	31	41	74	55	54	42	34
Coin & Net Bar Demand	213	156	166	188	209	285	340	244	191	218	258
Net Hedging demand	-	1	7	-	-	4	18	12	4	-	-
Others	47	32	31	31	27	28	28	27	26	24	23
Total Demand	**993**	**972**	**1,000**	**1,006**	**929**	**1,102**	**1,284**	**1,197**	**1,157**	**1,131**	**1,113**
Market Balance	64	52	14	10	45	(79)	(250)	(201)	(149)	(40)	(46)
Net Investment in ETPs	54	7	(21)	83	331	65	(117)	(38)	62	278	30
Market Balance less ETPs	10	45	35	(74)	(286)	(144)	(132)	(163)	(211)	(318)	(76)

Source: Company, IIFL Research

Figure 16: IIFL Commodity price assumption

Assumption Summary	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26ii	FY27ii	FY28ii
Zinc (US$/t)	2,366	3,053	2,744	2,401	2,422	3,257	3,319	2,475	2,874	3,000	3,000	3,000
Lead (US$/t)	2,001	2,375	2,118	1,950	1,868	2,285	2,101	2,122	2,046	1,990	2,000	2,000
Silver (US$/oz)	18	17	15	17	23	25	21	24	30	42	60	60

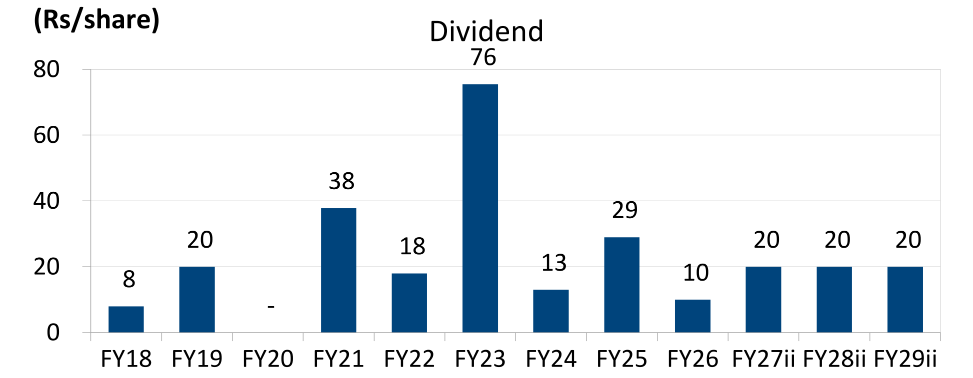
Source: Company, IIFL Research

Figure 17: HZL Volume assumptions

Volume Assumption	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26ii	FY27ii	FY28ii
Zinc (kt)	672	793	694	680	724	777	821	817	827	827	844	869
Lead (kt)	139	168	198	180	216	192	211	216	225	227	232	239
Zinc+Lead (kt)	**811**	**961**	**892**	**860**	**940**	**969**	**1,032**	**1,033**	**1,052**	**1,054**	**1,075**	**1,108**
Silver (t)	453	558	676	586	735	647	714	746	687	670	700	700

Source: Company, IIFL Research

Figure 18: Expect Rs20/share DPS (3% yield) annually



Source: Company, IIFL Research

Figure 20:Sensitivity analysis with movement in Zinc and Silver price

Zinc Price (US$/t)	Silver price (US$/oz): 30	40	50	60	70	80	90	100	110	120
2,200	387	448	509	570	631	692	753	814	875	937
2,400	425	486	547	608	669	730	791	852	913	975
2,800	501	562	623	684	745	806	867	929	990	1,051
3,000	539	600	661	**722**	783	844	905	967	1,028	1,089
3,200	577	638	699	760	821	882	944	1,005	1,066	1,127
3,400	615	676	737	798	859	921	982	1,043	1,104	1,165
3,600	653	714	775	836	897	959	1,020	1,081	1,142	1,203

Source: Company, IIFL Research

Figure 19:Valuation summary

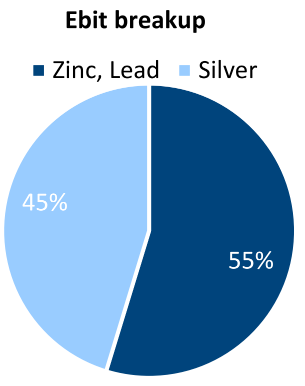
Particulars	Rs mn
Ebitda (FY28) (Rs m)	284,196
Multiple	10
EV (Rs m)	2,841,957
Net Cash (FY27, Rs m)	124,814
Total equity value (Rs m)	2,966,772
No of shares (m)	4,225
Per share value (Rs)	702
DPS (now till FY27)	20
Target Price	**722**

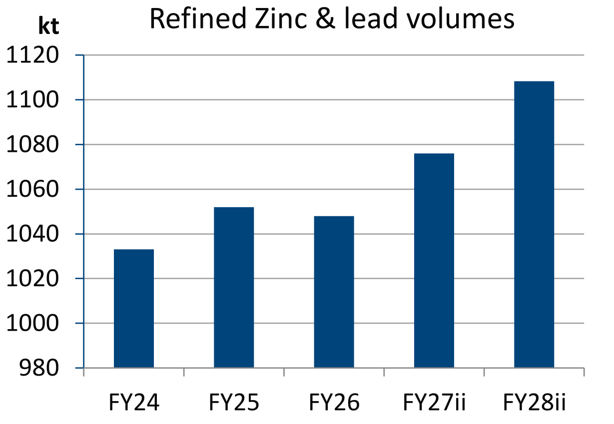
Source: Company, IIFL Research

Background: Hindustan Zinc (subsidiary of Vedanta Limited) is one of the largest integrated zinc-lead producers globally with a capacity of 1.1mtpa and large resource base with mine life of over 25 years. It is also a major producer of silver. The company operates the Rampura Agucha mine which is the largest zinc mine globally in volume terms. Apart from Rampura Agucha, Hindustan Zinc has mining operations at Sindesar Khurd, Rajpura Daribam Zawar and Kayad with primary smelting operations at Chanderiya, Dariba and Debari, all in the state of Rajasthan. The company is self sufficient in power with installed capacity of 625MW captive power plants. Hindustan Zinc is in process of expanding refined metal capacity from 1.1mtpa to 1.4mtpa by FY29.

Management

Name	Designation
Arun Misra	CEO
Amit Gupta	CFO
Priya Agarwal	Chairperson

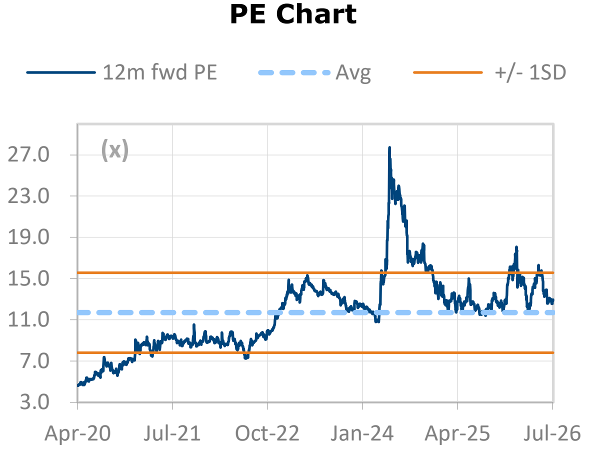


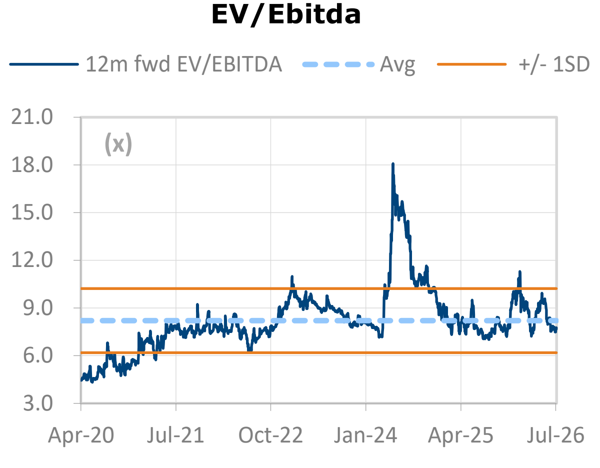


Assumptions

Y/e 31 Mar, Consolidated	FY25A	FY26A	FY27ii	FY28ii	FY29ii
Zinc (kt)	827	851	844	869	913
Lead (kt)	225	197	232	239	241
Silver (tonne)	687	627	700	700	700
Zinc LME price (US$/t)	2,874	2,970	3,000	3,000	3,000
Lead LME price (US$/t)	2,046	1,959	2,000	2,000	2,000
Silver realisation (Rs/kg)	88,964	161,269	201,061	203,178	205,295

Source: Company data, IIFL Research





Financial summary

Income statement summary (Rs m)

Y/e 31 Mar, Consolidated	FY25A	FY26A	FY27ii	FY28ii	FY29ii
Revenues	**340,830**	**408,440**	**468,132**	**484,566**	**507,020**
Ebitda	173,980	220,870	272,841	284,196	299,684
Depreciation and amortisation	(36,400)	(37,900)	(40,673)	(47,048)	(54,548)
Ebit	137,580	182,970	232,167	237,147	245,136
Non-operating income	9,960	10,930	10,000	10,000	10,000
Financial expense	(11,110)	(8,800)	(9,500)	(9,500)	(9,500)
PBT	136,430	185,100	232,667	237,647	245,636
Exceptionals	(830)	250	0	0	0
Reported PBT	135,600	185,350	232,667	237,647	245,636
Tax expense	(32,000)	(46,760)	(58,539)	(59,792)	(61,802)
PAT	103,600	138,590	174,128	177,855	183,834
Minorities, Associates etc.	0	0	0	0	0
Attributable PAT	**103,600**	**138,590**	**174,128**	**177,855**	**183,834**

Ratio analysis

Y/e 31 Mar, Consolidated	FY25A	FY26A	FY27ii	FY28ii	FY29ii
Per share data (Rs)					
Pre-exceptional EPS	24.7	32.7	41.2	42.1	43.5
DPS	29.0	10.0	20.0	20.0	20.0
BVPS	31.5	53.6	74.8	96.9	120.4
Growth ratios (%)					
Revenues	17.8	19.8	14.6	3.5	4.6
Ebitda	27.4	27.0	23.5	4.2	5.4
EPS	34.1	32.5	25.9	2.1	3.4
Profitability ratios (%)					
Ebitda margin	51.0	54.1	58.3	58.6	59.1
Ebit margin	40.4	44.8	49.6	48.9	48.3
Tax rate	23.6	25.2	25.2	25.2	25.2
Net profit margin	30.4	33.9	37.2	36.7	36.3
Return ratios (%)					
ROE	73.2	77.0	64.2	49.1	40.1
ROIC ex goodwill	74.4	85.9	95.7	81.9	69.5
ROIC	0.0	0.0	0.0	0.0	0.0
Solvency ratios (x)					
Net debt to Ebitda	0.1	(0.2)	(0.5)	(0.6)	(0.7)
Interest coverage	12.4	20.8	24.4	25.0	25.8

Source: Company data, IIFL Research

Balance sheet summary (Rs m)

Y/e 31 Mar, Consolidated	FY25A	FY26A	FY27ii	FY28ii	FY29ii
Cash & cash equivalents	93,260	136,730	207,334	249,456	305,695
Inventories	18,890	20,540	21,386	21,942	22,705
Receivables	1,170	3,990	4,573	4,734	4,953
Other current assets	2,940	4,740	4,740	4,740	4,740
Creditors	80,020	89,920	93,622	96,057	99,396
Other current liabilities	2,190	2,320	2,320	2,320	2,320
Net current assets	**34,050**	**73,760**	**142,091**	**182,495**	**236,377**
Fixed assets	212,140	233,460	254,757	307,708	353,160
Intangibles	0	0	0	0	0
Investments	0	0	0	0	0
Other long-term assets	16,500	24,240	24,240	24,240	24,240
Total net assets	**262,690**	**331,460**	**421,088**	**514,443**	**613,777**
Borrowings	106,510	82,520	82,520	82,520	82,520
Other long-term liabilities	22,920	22,650	22,650	22,650	22,650
Shareholders equity	**133,260**	**226,290**	**315,918**	**409,273**	**508,607**
Total liabilities	**262,690**	**331,460**	**421,088**	**514,443**	**613,777**

Cash flow summary (Rs m)

Y/e 31 Mar, Consolidated	FY25A	FY26A	FY27ii	FY28ii	FY29ii
Ebit	137,580	182,970	232,167	237,147	245,136
Tax paid	(32,000)	(46,760)	(58,539)	(59,792)	(61,802)
Depreciation and amortization	36,400	37,900	40,673	47,048	54,548
Net working capital change	3,370	(3,980)	2,273	1,718	2,357
Other operating items	(6,375)	38,490	0	0	0
Operating cash flow before interest	138,975	208,620	216,574	226,122	240,239
Financial expense	(11,110)	(8,800)	(9,500)	(9,500)	(9,500)
Non-operating income	9,960	10,930	10,000	10,000	10,000
Operating cash flow after interest	**137,825**	**210,750**	**217,074**	**226,622**	**240,739**
Capital expenditure	**(50,070)**	**(59,220)**	**(61,970)**	**(100,000)**	**(100,000)**
Long-term investments	7,250	(42,050)	0	0	0
Others	(1,660)	230	0	0	0
Free cash flow	**93,345**	**109,710**	**155,104**	**126,622**	**140,739**
Equity raising	0	0	0	0	0
Borrowings	21,950	(23,990)	0	0	0
Dividend	(122,525)	(42,250)	(84,500)	(84,500)	(84,500)
Net chg in cash and equivalents	(7,230)	43,470	70,604	42,122	56,239

Source: Company data, IIFL Research

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Name, Qualification and Certification of Research Analyst: Prateek Singh(MBA), Yash Upadhyay(Chartered Accountant)

Prateek Singh

Hindustan Zinc: 3 year price and rating history

Date	Rating	Close price (Rs)	Target price (Rs)	Upside (%)
27 Apr 2026	BUY	589	722	22.6
21 Jan 2026	ADD	681	712	4.5