INVasset Corporate Insights

HINDUSTAN ZINC

Zinc & Silver of India

14th March, 2026

INVASSET

India's Best Performing and Most Customer Centric PMS

Company Overview: State Bank of India

Hindustan Zinc Limited (HZL), incorporated in 1966 and headquartered in Udaipur, Rajasthan, is India's largest integrated zinc producer and one of the leading global producers of zinc, lead, and silver. A subsidiary of Vedanta Limited, the company operates across the entire value chain of mining, beneficiation, smelting, and refining.
Hindustan Zinc has established a dominant position in India's non-ferrous metals sector and supplies metals to customers in more than 40 countries. The company is widely recognized for its large-scale integrated operations, strong resource base, and industry-leading cost efficiency.

The company operates world-class underground mines in Rajasthan including Rampura Agucha, Sindesar Khurd, Zawar, Kayad, and Rajpura Dariba, supported by large smelting complexes at Chanderiya, Dariba, and Debari.
In FY25, Hindustan Zinc delivered record operational performance, with mined metal production reaching approximately 1,095 kt, while refined metal production (zinc and lead combined) stood at about 1,052 kt. Refined zinc production accounted for roughly 827 kt and refined lead production around 225 kt during the year. The company also produced around 687 tonnes of saleable silver, making it one of the largest silver producers globally.

Financially, FY25 marked another strong year for the company. Revenue increased to approximately ₹34,083 crore, supported by higher production and improved metal realizations. EBITDA rose to around ₹17,465 crore, with margins of about 51%, reflecting strong operating leverage and cost discipline. The company reported profit after tax of about ₹10,353 crore, representing robust year-on-year growth and one of the highest profit levels in its history. Hindustan Zinc also recorded a return on capital employed of roughly 58%, among the strongest in the global mining industry.

The company maintains a structurally low cost position due to its high-grade reserves, integrated operations, and by-product credits from silver production. As of FY25, Hindustan Zinc's total reserves and resources stood at approximately 453 million tonnes, containing around 29.6 million tonnes of metal, which supports a mine life of more than 25 years at current production levels.
This extensive resource base provides strong long-term production visibility.

Looking ahead, Hindustan Zinc continues to focus on operational efficiency, capacity expansion, and value-added product development. The company is also progressing with projects aimed at improving recovery and expanding smelting capacity.
With a strong balance sheet, industry-leading margins, and significant resource backing, Hindustan Zinc remains well positioned to benefit from long-term demand growth in base and precious metals driven by infrastructure development, electrification, and the global energy transition.

Stock Data

CMP (25-02-2026)	Rs. 614
52 Week High/Low	Rs.733 /Rs. 378
Face Value (in Rs.)	Rs.2.00
Market Cap (In Crs)	Rs.259,477 Cr
Enterprise Value (In Crs)	Rs. 270,495 Cr
NSE	HINDZINC
BSE	500188
Sector	Metals

Shareholding Pattern (in %)

	Dec 25	Dec 24
Promoter	61.84%	63.42%
Government	27.92%	27.92%
FII	1.54%	1.38%
DII	4.68%	4.12%
Public	4.01%	3.16%

Price Performance (In%)

(%)	1M	6M	1Yr
HindZinc	-14.87%	37.42 %	45.08%
Nifty 50	1.2%	1.83%	12.77%

Key Ratios

Debt to Equity	0.82
ROCE	60.7%
ROE	72.4%
P/E	22.2
PEG Ratio	8.68
EV/EBITDA	13.5
P/S	7.17

Macro Tailwinds: Structural Levers Driving Growth

1) India's Steel & Infrastructure Expansion Driving Structural Zinc Demand: A key macro tailwind for Hindustan Zinc is India's ongoing expansion in steel production and infrastructure build-out, which directly influences zinc consumption. Zinc is primarily used for galvanizing steel to protect against corrosion, making it structurally linked to construction, infrastructure, automotive, and industrial manufacturing. In its investor presentation, HZL highlights that domestic zinc demand continues to strengthen alongside rising steel production, with India's crude steel output increasing steadily over recent years and projected to grow further toward 300 MTPA by 2030.
The presentation also maps a clear rise in Indian zinc demand (in kilotonnes) alongside steel production growth through FY25, with further expansion indicated for FY26E. This is important because it suggests zinc demand growth is not dependent on a single sector but embedded within a broader industrial expansion cycle.
Additionally, HZL references India's strong macroeconomic backdrop, including sustained GDP growth and manufacturing PMI readings consistently reflecting expansion.

2) Structural Growth in India's Manufacturing & Industrial Activity: India's manufacturing expansion forms another macro structural lever supporting zinc demand. HZL's investor material highlights that India's manufacturing PMI has consistently remained in expansionary territory, indicating ongoing industrial momentum. Sustained PMI readings above 50 reflect continued growth across production, new orders, and business activity.
This matters for HZL because zinc consumption is not limited to infrastructure steel alone. It spans automotive components, consumer durables, electrical equipment, engineering goods, and capital goods manufacturing. A manufacturing-led expansion creates diversified demand channels for galvanized and alloyed zinc products.
The company also notes that India's economic outlook remains strong, supported by robust domestic demand and positive sectoral momentum. Unlike commodity cycles driven purely by export markets, India's zinc demand profile is increasingly anchored in domestic consumption and industrialization. This provides greater stability relative to volatile global trade conditions.

3) Energy Transition & Renewable Deployment Increasing Structural Metal Intensity: HZL positions zinc and silver as "metals of the future," emphasizing their role in renewable energy, electrification, and decarbonization. Zinc is widely used in solar mounting structures, wind infrastructure, transmission towers, and corrosion-resistant applications. Silver is critical in photovoltaic cells due to its high electrical conductivity.

In its presentation, the company highlights that rising deployment of clean energy technologies is expected to increase demand for critical minerals. This macro theme is not company-specific but reflects a global energy transition trend that structurally increases metal intensity in energy systems. As renewable installations scale, demand for galvanized steel structures and silver in solar panels rises correspondingly.

Importantly, HZL is among the top silver producers globally and derives a meaningful share of its revenue mix (~19% in FY24) from silver. This creates dual exposure: base industrial demand through zinc and structural renewable demand through silver.

4) Domestic Credit, Capex & Government Infrastructure Momentum: India's public capital expenditure program acts as a multiplier across infrastructure, logistics, transport, and industrial projects — all zinc-intensive sectors. HZL's investor presentation underscores that strengthening domestic demand is supported by consistent infrastructure and industrial expansion.

Government-led capex often triggers secondary demand across EPC contractors, steel fabricators, MSMEs, and equipment suppliers. Zinc's primary application in corrosion protection makes it integral to bridges, highways, railways, transmission towers, and industrial plants. As infrastructure assets expand, long-term maintenance and durability requirements further sustain zinc consumption.

Unlike short-term commodity booms, infrastructure investment cycles typically span multiple years due to project execution timelines. This provides medium-term demand stability. Moreover, India's structural focus on urbanization, renewable grids, and manufacturing capacity expansion creates layered demand drivers rather than a single capex wave.

5) Stable Domestic Market Share & Limited Import Substitution Risk: A unique macro advantage for HZL is its dominant domestic positioning. The company holds approximately 75–77% share of India's primary zinc market and is the only integrated and listed silver producer in the country. This structural market share provides insulation from aggressive import substitution risk under normal trade conditions.

India's zinc demand growth therefore primarily benefits domestic producers rather than being captured by imports, especially given HZL's scale, cost competitiveness, and integrated operations. The company is also recognized as one of the lowest-cost zinc producers globally, supported by high-grade reserves and backward integration.

From a macro perspective, a large domestic producer with structural cost leadership is better positioned to maintain utilization during price volatility. High import penetration typically compresses margins in cyclical downturns, but HZL's scale advantage reduces this risk.

Financial Analysis

1. Capital Expenditure and Growth Investments: Hindustan Zinc's capital allocation strategy reflects a structured balance between sustaining capex and long-term growth expansion. The company is currently executing two major growth projects: a 250,000 TPA integrated zinc smelter at Debari and a tailings reprocessing plant at Rampura Agucha. These projects are targeted for completion in FY28–FY29, indicating a multi-year capital deployment roadmap rather than a one-time expansion cycle.

Management has indicated that growth capex commitments will continue through FY26 and beyond, supported by strong operating cash flows. Importantly, these investments are largely brownfield expansions, leveraging existing infrastructure and mineral reserves. This reduces execution risk compared to greenfield development and allows for capital-efficient capacity scaling.

Overall, Hindustan Zinc's growth investments appear phased, financially disciplined, and aligned with structural demand drivers rather than speculative capacity additions.

2. Earnings and Profitability: Hindustan Zinc delivered record financial performance in 3Q FY26, reflecting strong operational leverage and cost discipline. Revenue for the quarter stood at ₹10,980 crore, EBITDA at ₹6,087 crore, and profit after tax at ₹3,916 crore — marking the highest quarterly performance in the company's history. EBITDA margins during the period were reported at 55%, indicating robust operating efficiency.

A key driver of profitability was the lowest zinc cost of production in five years (excluding royalty), supported by strong production volumes, higher by-product realizations, and improved input cost dynamics. Zinc cost of production stood at $940 per tonne in 3Q FY26 and $980 per tonne for the nine-month period, both reflecting multi-year lows.

Silver also contributed significantly to earnings, with management indicating that the precious metals portfolio accounted for approximately 44% of profits during the quarter. This diversification reduces reliance on zinc price cycles and enhances earnings resilience.

3. Return on Equity (ROE) and Shareholder Returns: Strong profitability and balance sheet strengthening have supported shareholder value creation. Over the nine-month period of FY26, the company reported profit after tax of ₹8,799 crore, representing its best-ever performance for that timeframe.

In addition to earnings growth, Hindustan Zinc transitioned from a net debt position at the end of September 2025 to a net cash position of ₹329 crore by December 2025. This deleveraging enhances return metrics by lowering financial risk and improving capital efficiency.

Management also highlighted that the company delivered approximately 35% shareholder returns over the nine-month period, outperforming benchmark indices during that timeframe. Market capitalization increased meaningfully between March and December FY26, reflecting investor confidence in earnings strength and growth visibility.

4. Working Capital Management: Hindustan Zinc's working capital management is reflected in its strong cash flow generation and liquidity improvement during FY26. The company generated ₹3,413 crore of free cash flow in 3Q FY26 and ₹7,225 crore over the nine-month period, before growth capex and renewable investments.

This strong free cash flow conversion indicates efficient management of receivables, inventory, and payables during the period. The company moved from a net debt position of ₹2,547 crore at the end of September 2025 to a net cash position of ₹329 crore by December 2025. Such rapid balance sheet strengthening suggests effective treasury planning and disciplined working capital control.

5. Industry Positioning and Strategic Outlook: Hindustan Zinc's industry positioning is anchored in scale, cost leadership, and long-life reserves. The company delivered record mined and refined metal production in 3Q FY26, alongside the lowest zinc cost of production in five years. This combination of volume growth and cost competitiveness reinforces its standing among global zinc producers.

The ongoing Debari smelter expansion and tailings reprocessing project are expected to enhance refined output and recovery efficiencies over the next few years. These projects align with long-term demand drivers rather than short-term commodity cycles. Silver's increasing contribution to profits adds diversification to the earnings mix, providing exposure to both industrial and precious metal demand trends. Additionally, the company has received recognition for sustainability leadership, which supports long-term institutional investor interest.

Peer Comparison

Company	CMP ( )	Market Cap (Cr)	P/E	Debt / Equity	ROE (%)
Hindustan Zinc	620.00	261969.82	22.45	0.82	72.42
Hindalco Inds	940.95	211452.80	12.23	0.56	14.02
Natl. Aluminium	358.55	65852.45	10.72	0.00	32.72
Hindustan Copper	577.70	55864.93	83.71	0.05	18.72

Hindustan Zinc is the largest company in the peer set with a market cap of ~₹2.62 lakh crore and trades at a P/E of 22.45x, which is higher than Hindalco (12.23x) and National Aluminium (10.72x) but far below Hindustan Copper (83.71x). This places it at a moderate valuation premium within the non-ferrous space. The company reports a significantly higher ROE of 72.42% compared to peers, although this elevated figure may partly reflect capital structure effects and payout policies. Its debt-to-equity ratio of 0.82 indicates moderate leverage — higher than NALCO and Hindustan Copper but still within manageable levels. Overall, Hindustan Zinc commands stronger return metrics relative to peers, but its valuation premium and leverage profile warrant balanced consideration in a cyclical metals environment.

Investment Rationale

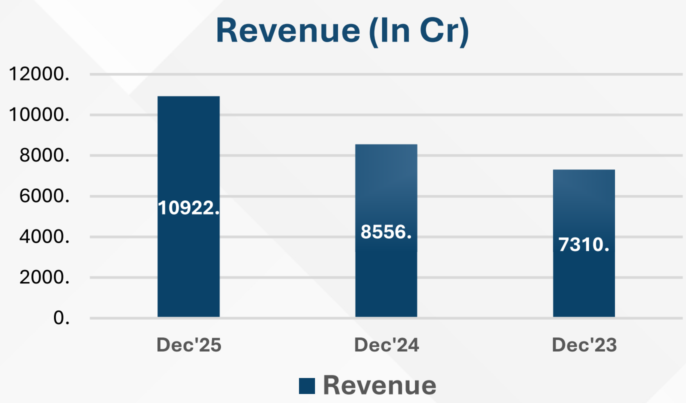
1. Structural Cost Leadership: Hindustan Zinc is among the lowest-cost zinc producers globally, supported by high-grade reserves, integrated mining-to-metal operations, and operational efficiencies. This structural cost advantage allows the company to sustain margins across commodity cycles and maintain competitiveness even during periods of price volatility.

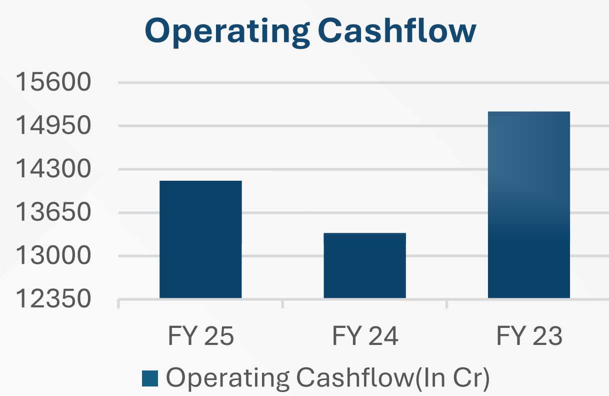
2. Multi-Year Expansion Pipeline: The company is executing phased brownfield expansions, including additional smelting capacity and tailings reprocessing projects. These investments are aimed at increasing refined output, improving metal recovery, and enhancing long-term production visibility without materially increasing operational risk.

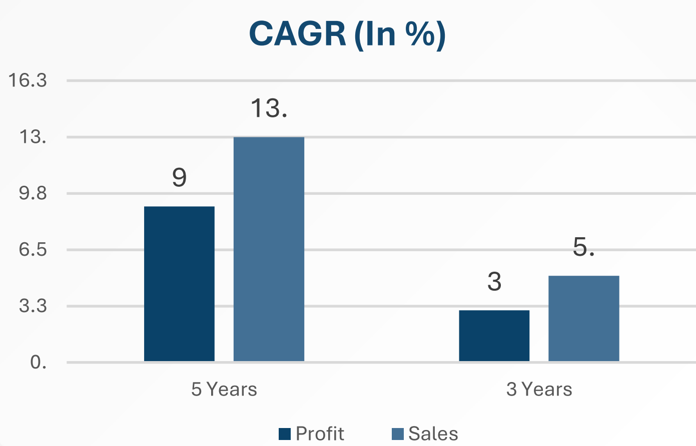
3. Diversified Earnings via Silver: HZL is one of the leading global silver producers. Silver contributes a meaningful portion of overall profits, providing diversification beyond zinc and adding exposure to industrial and renewable-linked demand trends.

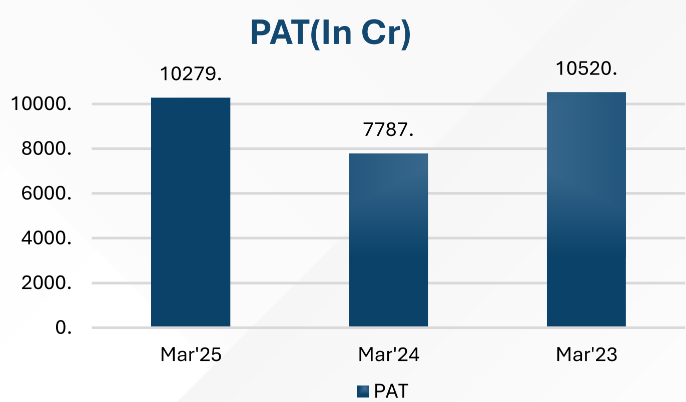
4. Dominant Domestic Market Position: With roughly 75–77% share of India's primary zinc market, HZL benefits from strong domestic demand linkage to infrastructure, steel, and manufacturing growth, supporting stable volume absorption.

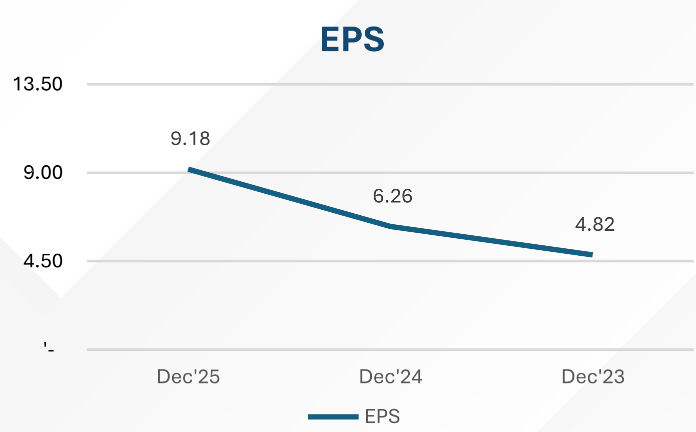
5 Strong Cash Flow Generation: The company has demonstrated strong free cash flow generation, enabling debt reduction, funding of growth capex, and consistent shareholder distributions while maintaining balance sheet flexibility.


Revenue (In Cr)
12000.
10000.
8000.
6000.
4000.
2000.
0.
10922.
8556.
7310.
Dec'25
Dec'24
Dec'23
Revenue


Operating Cashflow
15600
14950
14300
13650
13000
12350
FY 25
FY 24
FY 23
Operating Cashflow(In Cr)


CAGR (In %)
16.3
13.
9.8
6.5
3.3
0.
9
13.
3
5.
5 Years
3 Years
Profit
Sales


PAT(In Cr)
10000.
8000.
6000.
4000.
2000.
0.
10279.
7787.
10520.
Mar'25
Mar'24
Mar'23
PAT


EPS
13.50
9.00
4.50
'-
9.18
6.26
4.82
Dec'25
Dec'24
Dec'23
EPS

Technical Outlook

The chart of Hindustan Zinc on the monthly timeframe shows that the stock has been trading within a well-defined long-term rising channel, indicating a sustained structural uptrend over the years. Prices have consistently respected both the upper and lower boundaries of this channel, suggesting strong trend discipline. After spending a long period consolidating in the mid-range zone, the stock eventually broke out from this consolidation area, which led to a sharp upward move toward the upper end of the channel.

Following the rally, the price is now moving within a consolidation band just below a key resistance zone formed near the recent highs. This indicates that the market is absorbing supply in that region while maintaining higher lows compared to the earlier structure. Importantly, the stock continues to hold well above the previous breakout zone, which now acts as a strong support area. As long as the price remains within the broader upward channel and above this demand zone, the overall long-term structure remains positive, and a sustained move above the resistance band could open the path for continuation of the existing uptrend.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	577.16	574.62
10	588.1	583.56
20	591.24	593.68
50	621.32	597.75
100	567.44	572.98
200	510.87	535.28

Pivot Levels : FIBONACCI		
R1 585.58	Pivot 2272.90	S1 572.68
R2 589.55		S2 568.78
R3 595.97		S3 562.37

	Daily	Weekly
Relative Strength Index (RSI)	36.62	49.62

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