

# Hindustan Zinc may get re-rated amid surge in silver prices

Our Bureau  
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With silver prices surging on the back of strong demand, Hindustan Zinc may get re-rated as it is one of the largest producers of the precious metal.

Silver prices recently surged past \$50 per ounce, reaching multi-year highs. This, coupled with favourable momentum across zinc and lead, have contributed to the positive outlook on Hindustan Zinc.

According to a recent Batlivala & Karani Securities report, the stock "merits a potential re-rating toward 12-14 times EV (Enterprise value)/EBITDA."

According to the report, Hindustan Zinc "remains one of the world's lowest-cost and most efficient pro-

ducers of zinc, lead and silver," supported by sizeable internal accruals and minimal leverage.

The brokerage noted that "trading at 8.8 times EV/EBITDA, the stock appears undervalued relative to peers and merits a potential re-rating toward 12-14 times.

## 40% EBITDA GROWTH

The company is positioned to deliver 40 per cent EBITDA growth over FY25-28, driven by higher throughput, better realisations and cost optimisation at a base case scenario of \$3,000 a tonne, \$2,000 a tonne and \$45 an ounce in silver," it said.

Silver already contributes over 40 per cent of HZL's profitability.

Analysts estimate that every \$1 per ounce rise in sil-

ver adds nearly ₹180 crore to EBITDA, highlighting the leverage inherent in the business.

With silver production cost at just 12 per cent of revenue, it is among the highest-margin segments in the portfolio.

During the quarter, refined-metal production stood at 2.46 lakh tonnes and saleable silver was at 144 tonnes.

## DOUBLE OUTPUT

With plans underway to double silver output from about 700 tonnes to 1,500 tonnes through its two-times growth capex programme, the full impact of the rally is yet to be reflected in valuations.

HZL shares ended Thursday at ₹506.65. The stocks have gained 62 per cent year-to-date.

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