

HZL/2025-26/SECY/69

August 09, 2025

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor Plot No., C/I, G Block
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051

Kind Attn: General Manager – Department
of Corporate Services

Kind Attn: Head Listing & Corporate
Communication

Scrip Code: 500188**Trading Symbol: "HINDZINC"**

Dear Sir/Ma'am,

Sub: Disclosure under Regulation 30 and 51 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations")

Pursuant to Regulation 30 and 51 of SEBI Listing Regulations, we are pleased to inform you that CRISIL Ratings Limited, vide its release dated August 08, 2025, has assigned its '**Crisil AAA/Stable**' rating to Rs. 1,147 crore non-convertible debentures (NCDs) of the Company and reaffirmed its ratings on the bank facilities and debt programmes at 'CRISIL AAA/Stable/CRISIL A1+'.

The detailed rationale provided by the rating agency is attached herewith.

We request you to kindly take the above information on record.

Thanking you.

Yours faithfully,

For Hindustan Zinc Limited

Aashhima V Khanna
Company Secretary & Compliance Officer

Hindustan Zinc Limited

Ratings reaffirmed; 'Crisil AAA/Stable' assigned to NCD

Rating Action

Total Bank Loan Facilities Rated	Rs.12270 Crore (Reduced from Rs.12805 Crore)
Long Term Rating	Crisil AAA/Stable (Reaffirmed)
Short Term Rating	Crisil A1+ (Reaffirmed)

Rs.1147 Crore Non Convertible Debentures	Crisil AAA/Stable (Assigned)
Rs.953 Crore Non Convertible Debentures	Crisil AAA/Stable (Reaffirmed)
Rs.5000 Crore Commercial Paper (Reduced from Rs.5612 Crore)	Crisil A1+ (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has assigned its '**Crisil AAA/Stable**' rating to Rs. 1,147 crore non-convertible debentures (NCDs) of Hindustan Zinc Ltd (HZL) and reaffirmed its ratings on the bank facilities and debt programmes at 'CRISIL AAA/Stable/CRISIL A1+'.

The ratings continue to reflect the company's dominant position in the domestic zinc market, efficient and integrated operations, and strong financial risk profile. These strengths are partially offset by susceptibility to cyclical in the galvanised steel sector, and geographic and product concentration in revenue.

The operating performance of the company improved in fiscal 2025, backed by robust commodity prices, amid improvement in global demand, including China, and lower metal inventory. This, coupled with efficient cost of production and easing energy prices due to reduction in domestic power cost, has supported healthy operating profitability and the same will remain a key monitorable. During fiscal 2025, HZL achieved earnings before interest, tax, depreciation and amortisation (Ebitda) of Rs 17,388 crore on a consolidated basis, which is 25% higher on-year. Further, HZL achieved highest ever metal production of 1,052 KT, which is 2% increase on-year.

During the first quarter of fiscal 2026, metal production declined to 250 KT (262 KT in the corresponding period last year) due to scheduled shutdowns for debottlenecking and commissioning of a new roaster. Nevertheless, the company anticipates a production increase starting from the second quarter and remains confident in meeting its fiscal 2026 guidance. Furthermore, HZL achieved lowest ever first quarter cost of production since underground transitioning of USD 1,010 per tonne (USD1,107 in the corresponding period last year), driven by improved metal grades, better domestic coal and renewable energy consumption, higher by-product realisations, and softened input commodity prices partly offset by lower volume.

The company's liquidity position remains robust, despite dividend outflow of Rs. 4225 crores during the first quarter of fiscal 2026, with cash and liquid investments totaling Rs 9,340 crore as of June 30, 2025, compared to debt of Rs 14,012 crore (includes Rs. 445 crores of buyer's credit) during the period.

The company declared dividends of Rs 12,253 crore in fiscal 2025 (as against Rs 5,493 crore in full fiscal 2024), which resulted in the company becoming net debt positive (total debt minus total cash and equivalent) as on March 31, 2025, of Rs. 1,712 crore (including buyer's credit debt of Rs. 569 crores) compared with net cash (total cash and equivalent minus total debt) positive position of around Rs 1,199 crore as on March 31, 2024. However, despite the increase in debt, the capital structure remains strong as the net leverage (ratio of net debt to Ebitda) is very low at 0.1 times, while the cash accruals remain strong, and liquidity remains high. Furthermore, CRISIL Ratings expects that dividend outflow to be materially lower from fiscal 2026 onwards, while operating cash accrual will remain strong with annual Ebitda of more than Rs 15,000 crore. CRISIL Ratings expects the company to become net cash-positive this fiscal along with strong capital structure and liquidity profile on a sustainable basis. Any deviation from this understanding will be a key rating monitorable.

CRISIL Ratings also notes the intent of the company's management to evaluate possibilities of demerger of HZL into multiple entities. However, nothing is final yet and no decision has been taken by the company's board on any transaction. Further, contours of the transaction including the capital structure of the entities along with allocation of assets and liabilities between the proposed entities will be critical to assess the impact of the transaction. CRISIL Ratings will, however, continue to monitor developments on this front.

Analytical Approach

CRISIL Ratings has evaluated the consolidated business and financial risk profiles of HZL (*refer to list of subsidiaries in the annexure*).

Buyer's credit/suppliers credit of Rs. 569 crores in FY25 has been classified as debt (Rs. 399 crore in FY24).

Key Rating Drivers & Detailed Description

Strengths:

Dominant position in the domestic zinc market

The company has mined metal capacity of around 1.2 MTPA and smelter capacities of 913,000 TPA for zinc, 210,000 TPA for lead and 800 TPA for silver. It is the world's largest zinc-lead miner and fourth-largest zinc-lead smelter globally. With a market share of around 77% by volume, it is the leading player in the domestic zinc market. High entry barriers such as capital-intensive operations and lack of zinc ore mines lend a competitive edge to the business risk profile. Also, presence in the global market enhances revenue diversity; in fiscal 2025, export accounted for around 23% of the turnover.

Integrated operations and high-grade reserve, leading to competitive cost position

The cost of production for HZL ranks in the first quartile globally (zinc metal cost, excluding royalty, was USD 1,010 per tonne in Q1FY26, down from USD 1,052 per tonne in fiscal 2025, USD 1,117 per tonne in fiscal 2024 and USD 1,257 in fiscal 2023). Operating efficiency was high, driven by fully integrated operations (with captive power plant capacity of 514 MW) and low-cost, high-grade zinc reserve. As on March 31, 2025, total reserve and resources were 453.2 MT, ensuring long mine life of over 25 years. With access to bulk of the lead-zinc deposits in Rajasthan through long-term agreements with the government of India, the company should be able to sustain as a low-cost producer of zinc over the medium term.

Strong financial risk profile, driven by healthy liquidity and conservative capital structure

The financial risk profile is supported by high networth and strong liquid surplus. Cash and equivalent stood at Rs 9,340 crore as on June 30, 2025 (Rs 9,508 crore as on March 31, 2025). However, backed by healthy cash accrual, dividend payout is generally large to increase shareholders' return as well as to support debt at Vedanta Resources Ltd (VRL; the ultimate parent of HZL). HZL paid dividends of Rs 12,253 crore in fiscal 2025 and Rs. 4,225 crores in Q1-FY26 (Rs 5,493 crore in fiscal 2024 and Rs 31,901 crore in fiscal 2023). Further, it had debt of Rs 14,012 crore (including buyer's credit of Rs. 445 crores) as on June 30, 2025 (Rs 11,220 crore as on March 31, 2025, and Rs 8,855 crore as on March 31, 2024), raised to fund capex and meet temporary cash flow mismatch on account of dividend payouts in past fiscals. However, the financial metrics are expected to remain strong over the medium term because of healthy operating profitability and cash accrual. Sustenance of the same will be monitorable.

Weaknesses:**Exposure to cyclicalities in the galvanised steel sector**

Demand for zinc is closely linked to the galvanised steel industry, which consumes around 70% of the zinc produced in India. The steel industry depends on the growth of end-user segments such as automotive, consumer durables, batteries, home appliances, construction and infrastructure. Downturns in any of these segments will reduce demand for galvanised steel. Moreover, zinc faces threat of substitution with aluminium and other alloys to produce galvanised steel. Furthermore, fluctuations in London Metal Exchange (LME) zinc and lead prices can lead to volatility in Ebitda.

Exposure to regulatory and concentration risks

Concentration risk persists as the zinc business accounts for more than 75% of revenue and profitability. The company faces regulatory risks as the business (all mines) is concentrated in Rajasthan. Also, royalty cost per tonne of mined metal has increased by more than 125% in the past six years.

Liquidity: Superior

Cash and liquid investments stood at Rs 9,340 crore as on June 30, 2025 (Rs 9,508 crore as on March 31, 2025). The company had debt of Rs 14,012 crore (including buyer's credit of Rs. 445 crores) as on June 30, 2025 (Rs 11,220 crore as on March 31, 2025). Although dividend outflow remained high during fiscal 2025 (to increase shareholders' return and continued assistance towards VRL's debt obligation), liquidity is expected to remain strong owing to robust cash accrual.

Environment, social and governance (ESG) profile

CRISIL Ratings believes the ESG profile of HZL supports its strong credit risk profile.

The zinc manufacturing sector has a significant impact on the environment owing to high emissions, waste generation and water consumption. This is because of the energy-intensive metal and mining process and its high dependence on natural resources such as zinc ore and coal as key raw materials. The sector also has a significant social impact because of its large workforce across operations and value chain partners and impact of operations on local community and health hazards involved. HZL has been focusing on mitigating its environmental and social risks.

Key ESG highlights:

- HZL is focusing on reducing the carbon footprint of its production process. It is targeting 10% (0.5 MN tCO₂e) reduction in greenhouse gas (GHG) emissions by 2025 over a base of fiscal 2017.

- The company aims to become 5 times water-positive, as against 2.4 times in 2020. It is also targeting 25% reduction in freshwater usage.
- Its total recordable injury frequency rate (TRIFR) of 1.84 is lower than 2.7 in fiscal 2020, representing strong human capital management. The company targets 50% reduction in TRIFR by 2025.
- Around 33% of the board comprises independent directors (none of them having tenure exceeding 10 years), three nominees of government of India (strong minority shareholder), split in chairman and CEO positions, dedicated investor grievance redressal mechanism and healthy disclosures.

There is growing importance of ESG among investors and lenders. HZL's commitment to ESG principles will play a key role in enhancing stakeholder confidence, given its high share of market borrowing in overall debt and access to capital markets, primarily domestic.

Outlook Stable

HZL will continue to benefit from its favourable capital structure and healthy liquidity, driven by dominant position in the domestic market, high cash flow from the core business, and efficient and integrated operations.

Rating sensitivity factors

Downward factors:

- Sustained negative free cash flow, leading to material net debt (*Total debt minus total cash more than 0*) position on a continued basis
- Significant increase in cost of production, including royalty payout, lowering profitability and adversely impacting the business risk profile

About the Company

HZL was incorporated in 1966 as a public sector company. In fiscal 2003, the government divested 26% of its equity in HZL to Sterlite Industries Ltd, which later made an open offer for an additional 20%. In fiscal 2004, Sterlite Industries Ltd acquired an additional 18.92% stake by exercising an option granted by the government to increase its stake to 64.9%. After the restructuring of the Vedanta group in India, HZL became a 64.9% (now decreased to 61.84%) subsidiary of Vedanta Ltd ('CRISIL AA/CRISIL A1+/Watch with Developing Implications'). Based in Udaipur, Rajasthan, HZL has zinc and lead mines in Rampura Agucha, Sindesar Khurd, Rajpura Dariba, Zawar, Kawad and Bamnia Kalan mines; primary smelter operations in Chanderiya, Dariba and Debari (all in Rajasthan); and finished product facilities in Uttarakhand.

Key Financial Indicators (CRISIL Ratings – adjusted numbers)

Particulars	Unit	2025	2024	2023
Revenue	Rs crore	34,083	29,111	34,255
Profit after tax (PAT)	Rs crore	10,353	7,759	10,511
PAT margin	%	30.4	26.7	30.7
Adjusted debt / adjusted networkth	Times	0.85	0.59	0.95
Interest coverage	Times	16.78	15.55	57.98

Status of non cooperation with previous CRA: Not applicable

Any other information: Not applicable

Crissil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crissil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crissil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Comple xity Levels	Rating Outstanding with Outlook
NA	Non Convertible Debentures#	NA	NA	NA	1,147.00	Simple	Crissil AAA/Stable
NA	Commercial Paper	NA	NA	7-365 days	5,000.00	Simple	Crissil A1+
INE267A08020	Non Convertible Debentures	20-Mar-25	7.75	21-Mar-26	100.00	Simple	Crissil AAA/Stable
INE267A08038	Non Convertible Debentures	20-Mar-25	7.75	20-Mar-27	100.00	Simple	Crissil AAA/Stable
INE267A08046	Non Convertible Debentures	20-Mar-25	7.75	20-Mar-28	300.00	Simple	Crissil AAA/Stable
NA	Non Convertible Debentures#	NA	NA	NA	453.00	Simple	Crissil AAA/Stable
NA	Cash Credit&	NA	NA	NA	150.00	NA	Crissil AAA/Stable
NA	Fund-Based Facilities	NA	NA	NA	300.00	NA	Crissil AAA/Stable
NA	Letter of Credit^	NA	NA	NA	1500	NA	Crissil A1+
NA	Letter of Credit%	NA	NA	NA	650	NA	Crissil A1+

NA	Letter of Credit	NA	NA	NA	750	NA	Crisil AAA/Stable
NA	Overdraft FacilityUSD	NA	NA	NA	500.00	NA	Crisil AAA/Stable
NA	Overdraft Facility	NA	NA	NA	100.00	NA	Crisil AAA/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	270.00	NA	Crisil AAA/Stable
NA	Rupee Term Loan	NA	NA	31-Dec-26	850.00	NA	Crisil AAA/Stable
NA	Term Loan	NA	NA	29-Feb-28	1500.00	NA	Crisil AAA/Stable
NA	Term Loan	NA	NA	31-Mar-27	667.00	NA	Crisil AAA/Stable
NA	Term Loan	NA	NA	30-Sep-26	1600.00	NA	Crisil AAA/Stable
NA	Term Loan	NA	NA	31-Mar-28	500.00	NA	Crisil AAA/Stable
NA	Term Loan	NA	NA	30-Sep-27	750.00	NA	Crisil AAA/Stable
NA	Term Loan	NA	NA	30-Jun-27	1333.00	NA	Crisil AAA/Stable
NA	Term Loan	NA	NA	30-Jun-27	667.00	NA	Withdrawn
NA	Term Loan	NA	NA	30-Sep-26	850.00	NA	Crisil AAA/Stable

Yet to be issued

& - Sublimit of working capital demand loan facility of Rs 150 crore, export credit of Rs 150 crore

^ - Sublimit of standby letter of credit of Rs 1,500 crore and bank guarantee of Rs 200 crore capex letter of credit of Rs 750 crore with tenure of up to three years as sublimit of non-fund based limit

% - Sublimit of bank guarantee of Rs 400 crore

USD - Sublimit of export packing credit / bill discounting / PCFC / bank guarantee / letter of credit / working capital demand loan / short-term loan (STL) limit of Rs 500 crore

Annexure - Details of Rating Withdrawn

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels
NA	Commercial Paper	NA	NA	NA	612.00	Simple

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Hindustan Zinc Alloys Private Limited	Full consolidation	Subsidiary
Vedanta Zinc Football & Sports Foundation	Full consolidation	Subsidiary
Zinc India Foundation	Full consolidation	Subsidiary
Hindustan Zinc Fertilisers Private Limited	Full consolidation	Subsidiary
Hindmetal Exploration Services Private Limited	Full consolidation	Subsidiary

Annexure – Details of Bank Lenders/Facilities

Facility	Amount (Rs. Crore)	Name of Lender	Rating
Cash Credit&	150	HDFC Bank Limited	Crisil AAA/Stable
Fund-Based Facilities	50	DBS Bank Limited	Crisil AAA/Stable
Fund-Based Facilities	250	IDBI Bank Limited	Crisil AAA/Stable
Letter of Credit^	1500	HDFC Bank Limited	Crisil A1+
Letter of Credit%	650	IDBI Bank Limited	Crisil A1+
Letter of Credit	750	ICICI Bank Limited	Crisil AAA/Stable
Overdraft FacilityUSD	500	ICICI Bank Limited	Crisil AAA/Stable
Overdraft Facility	100	HDFC Bank Limited	Crisil AAA/Stable
Proposed Long Term Bank Loan Facility	270	Not Applicable	Crisil AAA/Stable
Rupee Term Loan	850	Exim Bank	Crisil AAA/Stable
Term Loan	1500	HDFC Bank Limited	Crisil AAA/Stable
Term Loan	667	State Bank of India	Crisil AAA/Stable
Term Loan	1600	Bank of Baroda	Crisil AAA/Stable
Term Loan	500	IndusInd Bank Limited	Crisil AAA/Stable
Term Loan	750	IndusInd Bank Limited	Crisil AAA/Stable
Term Loan	1333	HDFC Bank Limited	Crisil AAA/Stable
Term Loan	667	HDFC Bank Limited	Withdrawn
Term Loan	850	Axis Bank Limited	Crisil AAA/Stable

& - Sublimit of working capital demand loan facility of Rs 150 crore, export credit of Rs 150 crore

^ - Sublimit of standby letter of credit of Rs 1,500 crore and bank guarantee of Rs 200 crore capex letter of credit of Rs 750 crore with tenure of up to three years as sublimit of non-fund based limit

% - Sublimit of bank guarantee of Rs 400 crore

USD - Sublimit of export packing credit / bill discounting / PCFC / bank guarantee / letter of credit / working capital demand loan / short-term loan (STL) limit of Rs 500 crore