

July 18, 2025

## Hindustan Zinc Limited: Update on material event

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating outstanding
Commercial paper	5,000.00	5,000.00	[ICRA]A1+; outstanding
<b>Total</b>	<b>5,000.00</b>	<b>5,000.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

On July 09, 2025, a USA-based short seller and research firm published a report highlighting multiple adverse observations pertaining to the Vedanta Group (including Hindustan Zinc Limited). The report expressed concern over issues such as governance practices, related party transactions, brand-fee payments to holding company as well as regulatory and legal disputes that have been raised against the Group. The report also made certain observations on Hindustan Zinc Ltd (HZL) over its obligations under shareholders agreements with Government of India (GoI), related party transactions and other liabilities. In response, the Vedanta Group (including Hindustan Zinc Limited) issued a formal media statement on the same day, refuting the allegations.

ICRA is closely monitoring the impact of the recent developments on its rated portfolio within the Vedanta Group (including HZL), especially its financial flexibility. A key monitorable here would be the HZL/Group's access to the domestic and international capital markets and banking channels, debt pricing, tightening of debt covenants and implications for future refinancing capabilities. ICRA rates HZL on a standalone basis (without factoring any group support), given the presence of strong minority shareholding of GoI. ICRA would continue to monitor and review the ratings based on the movement of the credit metrics of HZL and the impact of the latest development on its financial flexibility.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, the liquidity position and rating sensitivities: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Non-Ferrous Metals (Primary Producers)</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated. As on March 31, 2025, HZL had five subsidiaries and one joint venture

### About the company

Hindustan Zinc Limited is an integrated mining and metal producer of zinc, lead and silver. HZL operates out of Rajasthan, with its headquarters in Udaipur and mining facilities spread across the north Indian state. HZL is India's largest integrated producer of zinc, lead and silver. It is also the second-largest zinc producer, and third-largest silver producer, globally. HZL's facilities include: (i) the Zawar group of mines (ii) the Rajpura Dariba, Sindesar Khurd, Rampura Agucha and Kayad mines in Rajasthan

(iii) zinc-lead processing facilities which include a smelter at Debari, Chanderiya and Dariba in Rajasthan (iv) a silver refinery at Pantnagar in Uttarakhand. As on date, VDL holds a 63.4% stake in the company, while ~28% is held by Government of India.

#### Key financial indicators (audited)

	FY2024	FY2025
Operating income	28,932	32,898
PAT	7,390	10,386
OPBDIT/OI	47.3%	53.2%
PAT/OI	25.5%	31.6%
Total outside liabilities/Tangible net worth (times)	1.2	2.3
Total debt/OPBDIT (times)	0.7	0.8
Interest coverage (times)	14.3	19.4

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

#### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

#### Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jul 18, 2025	Date	Rating	Date	Rating	Date	Rating
Commercial paper	Short term	5,000.00	[ICRA]A1+	Jan 06, 2025	[ICRA]A1+	-	-	-	-

#### Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Commercial paper^	NA	NA	FY2024	5,000.00	[ICRA]A1+

Source: Company; ^ Yet to be placed

### Annexure II: List of entities considered for consolidated analysis

Company Name	HZL's Ownership	Consolidation Approach
Hindustan Zinc alloys Private Limited	100.00%	Full Consolidation
Vedanta Zinc Football and Sports Foundation	100.00%	Full Consolidation
Zinc India Foundation	100.00%	Full Consolidation
Hindustan Zinc Fertilisers Private Limited	100.00%	Full Consolidation
Hindmetal Exploration Services Private Limited	100.00%	Full Consolidation
Madanppur South Coal Company Limited	18.05%	Equity Method

Source: HZL annual report FY2025

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