

Hindustan Zinc shares rise 3% as silver hits fresh record high over \$83. What should investors do?

By Veer Sharma, ETMarkets.com Last Updated: Jan 12, 2026, 11:12:00 AM IST

Synopsis

Hindustan Zinc shares surged on Monday, mirroring a significant jump in silver prices driven by global tensions and Federal Reserve concerns. The company, a major silver producer, is benefiting from rising metal prices and improved cost efficiency. Analysts remain optimistic, citing a constructive technical outlook and strong earnings potential, with a target price suggesting further upside.



Hindustan Zinc ranks among the world's top five silver producers, with an annual capacity of around 800 tonnes. Silver is a key earnings driver for the company, contributing about 38% to its EBIT.

Shares of [Hindustan Zinc](#) rallied as much as 3.2% to an intraday high of Rs 627 on Monday, January 12, tracking a sharp surge in silver prices after the metal hit a fresh record high of \$83.56 per troy ounce.

Safe-haven demand has strengthened in recent sessions amid escalating tensions between the US and Iran, along with reports that Federal Reserve Chair Jerome Powell was threatened with

criminal indictment by the Trump administration over his Congressional testimony.

At around 11:05 am, silver March futures on the MCX were trading 3.9% higher at Rs 2,62,650 per kilogram, up Rs 9,925 from the previous close. With the latest rally, [Hindustan Zinc shares](#) have gained about 6% over the past two sessions.

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What should investors do?

From a technical standpoint, the picture remains constructive, says Ajit Mishra, SVP at [Religare](#) Broking. The stock has resumed its broader uptrend after a brief consolidation, and rising volumes confirm the strength of the move. As long as Hindustan Zinc holds above the Rs 560–580 zone, the trend remains positive, with potential upside toward Rs 650–680. On the downside, Rs 540–550 is seen as a key medium-term support.

Last month, international brokerage firm Jefferies initiated coverage with a Buy call and a target price of Rs 660 per share. That's an upside of 9% from current market levels. To be sure, the stock has already risen 11% in the last 1 month.

Hindustan Zinc stands out as a key beneficiary of rising silver and zinc prices, supported by its first-decile zinc mining costs. While volume growth is expected to remain modest, earnings are projected to expand sharply, with EPS growth of 22% in FY26 and 29% in FY27, followed by a further 7% increase in FY28, Jefferies said in a note.

Hindustan Zinc has seen a sharp improvement in cost efficiency, with reported zinc cost of production (excluding royalty) declining from a peak of \$1,257 in FY23 to \$1,002 in 1H FY26. The reduction has been driven by better ore grades, higher use of domestic coal, softer global coal prices and a rising contribution from renewable energy, Jefferies said. Looking ahead, the company expects costs to remain largely range-bound through FY26–28E, as efficiency gains and increased renewable power usage are likely to offset pressures from deeper mining and variability in ore grades.

Strong cash generation and healthy return on equity underpin this outlook, with FY26–28 EPS estimates 9–31% higher than Street expectations. Although the stock trades at 9.2x FY27E EV/EBITDA—above its long-term average of 7.3x—the valuation is seen as justified given the rising contribution of silver to overall profitability.

(Disclaimer: The recommendations, suggestions, views, and opinions given by the experts are their own. These do not represent the views of The Economic Times.)

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