Hindustan Zinc vs Hindalco: Why Jefferies raised target prices for both, but prefers one over the other

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Shares of Hindustan Zinc have gained around 45% over the past year, while Jefferies has raised its target price, remaining bullish on the stock as it sees a stronger outlook for zinc and silver than aluminium.

The international brokerage hiked its target price for Hindustan Zinc shares to Rs 750 apiece, while maintaining its 'Buy' call on the stock. The latest target price implies around 27% upside potential. The shares of the company jumped over 5% to trade at nearly Rs 624 apiece on Wednesday.

Jefferies also raised its target price for Hindalco Industries to Rs 1,140 apiece, implying over 8% upside potential, but has a 'Hold' call on the stock. The international brokerage prefers Hindustan Zinc shares over those of Hindalco Industries.

Why silver and zinc prices will outperform aluminium

In its latest note, Jefferies noted that the recent divergence in metal prices has favourable earnings implications for Hindustan Zinc while weighing on Hindalco.

Spot zinc prices have risen 15% over their Q1 averages, while silver has recovered 23% from July lows. The international brokerage remains constructive on precious metals, believing that the implications of widening fiscal deficits, elevated debt levels, and ongoing currency debasement remain underappreciated. It raised silver price assumptions to $60-63, still 8-14% below spot, suggesting further potential upside to earnings if spot prices persist.

In comparison, aluminum price is 10% below its June quarter average, Jefferies noted. While supply disruptions in the Middle East resulted in a 4% YoY decline in global production in the first half of 2026, a 2% increase in Chinese output largely offset this decline, keeping global production broadly stable. Supply availability could improve in coming months if the disrupted Middle East capacity gradually returns, with Emirates Global Aluminium (EGA) targeting normal production by the first quarter of 2027 and Aluminium Bahrain (ALBA) indicating repairs are largely complete, Jefferies noted, as it raised its FY27-28 aluminum price assumptions to $3,300-3,325, still 3-4% above spot.

Jefferies raises Hindustan Zinc estimates

Jefferies raised Hindustan Zinc's FY27-29 EPS expectations by 10-11% factoring in higher zinc and silver prices. However, it reduced Hindalco's EPS expectations, factoring in lower aluminium prices.

Despite ongoing capacity expansions at both companies, it expects Hindustan Zinc's net cash position to increase from Rs 52 billion in FY26 to Rs 227 billion by FY29, while Hindalco's net debt rose a sharp 74% in FY26, and it expects a further 13% YoY rise in FY27.