nuvama institutional equities

VEDANTA

COMPANY UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	512
12 month price target (INR)	686
52 Week High/Low	536/362
Market cap (INR bn/USD bn)	2,001/22.6
Free float (%)	0.0
Avg. daily value traded (INR mn)	5,300.0

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	56.38%	56.38%	56.38%
FII	11.08%	10.60%	11.15%
DII	16.24%	16.47%	16.38%
Others	16.30%	16.55%	16.09%

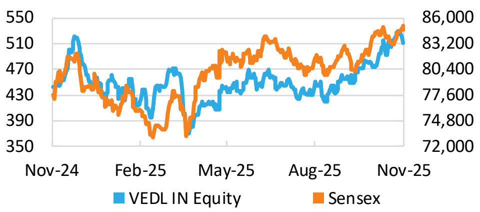
FINANCIALS (INR bn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	1,529.7	1,556.6	1,709.2	1,773.8
EBITDA	423.4	532.5	634.5	668.4
Adjusted profit	149.9	185.5	246.5	256.4
Diluted EPS (INR)	38.3	47.4	63.0	65.6
EPS growth (%)	236.4	23.7	32.9	4.0
RoAE (%)	36.5	45.6	52.5	42.0
P/E (x)	13.4	10.8	8.1	7.8
EV/EBITDA (x)	6.4	5.1	4.1	3.7
Dividend yield (%)	8.4	8.2	3.9	3.9

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	1,557	1,709	0.0	0.0
EBITDA	532	634	0.0	0.0
Adjusted profit	185	246	0.0	0.0
Diluted EPS (INR)	47.4	63.0	0.0	0.0

PRICE PERFORMANCE



A play on 3Ds

Vedanta's focus on demerger, delivery and deleveraging (3Ds) is on course to pay off, supported by tailwinds of commodity prices. The likely favourable outcome by NCLT in Dec-25 (demerger likely by Q4FY26-end), removal of overhang (not buying JP Associates) and further ~INR20 DPS by Jan-26 are additional triggers.

We expect EBITDA to increase at a CAGR of 16% over FY25–28E on the back of lower aluminium CoP, aluminium and zinc volume growth and higher commodity prices. Consolidated net debt is likely to fall to ~INR610bn by end-FY27 (net debt/EBITDA ex-HZ to fall to 1.4x from 2.7x in FY25). Valuing at INR686, based on FY28E SotP. At CMP, the stock trades at 5.3x/4.8x implied FY27E/28E EV/EBITDA; retain 'BUY'.

Demerger likely in Q4FY26: at final leg of regulatory process

Hearing at the NCLT's second motion was completed on November 12, 2025 and we forecast the final and favourable order shall come in December. Assuming a favourable order, we anticipate the demerger process to be concluded in Q4FY26.

Vedanta (VEDL) is demerging its business into five separate listed entities, thereby giving investors an opportunity to invest in a commodity of their choice. This will **help in unlocking value by improving valuation of companies such as aluminium, steel and power. We estimate our fair value of INR686 (ceteris paribus) shall be enhanced by INR84/share once the demerger comes into effect.**

Delivery: volume growth, cost reduction and firm commodity prices

A 1,600MW power plant, 1.5mtpa alumina and 435ktpa aluminium plant has been commissioned by end-Q2FY26 and benefits shall start flowing in from Q3FY26. Furthermore, 200ktpa zinc expansion at Zinc International and 600MW power plant is likely to be commissioned by H1FY27. Recently, it signed a 500MW PPA from the Tamil Nadu Discom, providing visibility to power earnings. We are factoring in volume CAGR of 6%/29%/18% in aluminium/Zinc international and power over FY26–28E and aluminium CoP to fall by ~USD192/t to USD1,630 in FY28E. We are factoring in average LME aluminium/zinc/silver price of USD2,700 per t/USD 2,850 per t/USD40 per ounce in FY27E/28E. Factoring in above prices, volume and other cost dynamics, we expect EBITDA to increase at a 16% CAGR over FY25–28E.

Debt under control; net debt/EBITDA (ex-HZ) to fall to 1.4x in FY27E

We do not foresee any risk of default either by VEDL or by the promoter company Vedanta Resources (VRL). VRL has judiciously increased duration of debt (net debt of ~USD4.4bn at Q2FY26), which needs to be repaid by FY34, and allay any fear of default. Even VEDL's net debt (ex-HZ) is likely to reduce to ~INR585bn by FY27E (net debt ex-HZ/EBITDA: 1.4x in FY27E versus 2.7x in FY25) with incremental cash flows coming in from firm prices and the projects being commissioned in FY26. We are factoring in DPS of INR20 in each of H2FY26E/FY27E/FY28E. **VEDL is not acquiring JP Associates, thus removing the overhang on the stock** and the company is likely to focus on expansion at existing operations and deleverage its balance sheet further.

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Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	15,29,680	15,56,621	17,09,154	17,73,772
Gross profit	10,39,460	10,95,765	12,25,550	12,76,365
Employee costs	35,030	38,533	42,386	46,625
Other expenses	3,55,010	3,40,393	3,55,243	3,62,354
EBITDA	4,23,430	5,32,497	6,34,480	6,68,424
Depreciation	1,10,960	1,25,863	1,33,634	1,45,315
Less: Interest expense	99,140	84,086	84,688	87,459
Add: Other income	36,750	28,476	27,079	25,220
Profit before tax	2,50,080	3,51,024	4,43,237	4,60,871
Prov for tax	63,420	92,712	1,09,242	1,13,667
Less: Other adjustment	10	0	0	0
Reported profit	1,31,200	1,85,456	2,46,493	2,56,355
Less: Excp.item (net)	18,680	0	0	0
Adjusted profit	1,49,880	1,85,456	2,46,493	2,56,355
Diluted shares o/s	3,910	3,910	3,910	3,910
Adjusted diluted EPS	38	47	63	66
DPS (INR)	42.9	42.0	20.0	20.0
Tax rate (%)	25.4	26.4	24.6	24.7

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	3,910	3,910	3,910	3,910
Reserves	4,08,210	3,97,199	5,33,244	6,79,151
Shareholders funds	4,12,120	4,01,109	5,37,154	6,83,061
Minority interest	1,25,410	1,98,265	2,85,767	3,76,616
Borrowings	9,01,460	8,00,589	6,97,739	6,03,758
Trade payables	1,01,950	1,03,746	1,13,912	1,18,218
Other liabs & prov	3,89,890	3,91,889	3,84,356	3,90,198
Total liabilities	20,32,930	19,97,698	21,21,028	22,73,952
Net block	9,78,340	10,38,052	10,87,718	11,25,703
Intangible assets	50,280	50,280	50,280	50,280
Capital WIP	3,09,390	3,16,328	3,82,765	4,34,328
Total fixed assets	13,38,010	14,04,659	15,20,763	16,10,311
Non current inv	16,230	16,230	16,230	16,230
Cash/cash equivalent	2,07,490	99,061	87,900	1,43,487
Sundry debtors	36,360	38,382	42,144	43,737
Loans & advances	18,400	18,400	18,400	18,400
Other assets	2,55,400	2,59,925	2,74,551	2,80,748
Total assets	20,32,930	19,97,698	21,21,028	22,73,952

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Net debt/EBITDA(x)	1.6	1.3	1.0	0.7
Free cashflow yield (%)	11.4	9.4	10.1	13.0
CoGS/Total Income	0.3	0.3	0.3	0.3
EBITDA margin (%)	27.7	34.2	37.1	37.7
Net profit margin (%)	9.8	11.9	14.4	14.5
Revenue growth (% YoY)	6.4	1.8	9.8	3.8
EBITDA growth (% YoY)	20.3	25.8	19.2	5.3
Adj. profit growth (%)	253.6	23.7	32.9	4.0

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
PBT	2,68,770	3,51,024	4,43,237	4,60,871
Add: Depreciation	1,11,390	1,25,863	1,33,634	1,45,315
Interest (net of tax)	73,840	0	0	0
Others	(20,900)	0	0	0
Less: Changes in WC	(6,650)	(2,753)	(15,754)	2,359
Operating cash flow	3,95,620	3,81,422	4,51,874	4,94,878
Less: Capex	(1,67,140)	(1,92,513)	(2,49,738)	(2,34,863)
Free cash flow	2,28,480	1,88,910	2,02,137	2,60,016

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	6.2	6.2
Repo rate (%)	6.0	5.0	5.0	5.0
USD/INR (average)	84.7	87.5	87.5	87.5
Total Zinc price (USD/t)	3,124	3,075	3,100	3,100
Total alum. price (USD/t)	2,692	2,753	2,835	2,850
Brent crude (USD/barrel)	70	65	65	65
Zinc mined metal volumes-India (kt)	1,079	1,095	1,116	1,139
Aluminium sales (kt)	2,416	2,548	2,721	2,836
Crude volume (kboepd)	102.6	94.7	93.6	95.4

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	36.5	45.6	52.5	42.0
RoCE (%)	25.6	30.7	36.2	34.4
Inventory days	33	34	33	34
Receivable days	9	9	9	9
Payable days	24	24	23	24
Working cap (% sales)	(3.4)	(3.1)	(1.9)	(2.0)
Gross debt/equity (x)	1.7	1.3	0.8	0.6
Net debt/equity (x)	1.3	1.2	0.7	0.4
Interest coverage (x)	3.2	4.8	5.9	6.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	13.4	10.8	8.1	7.8
Price/BV (x)	4.9	5.0	3.7	2.9
EV/EBITDA (x)	6.4	5.1	4.1	3.7
Dividend yield (%)	8.4	8.2	3.9	3.9

Source: Company and Nuvama estimates

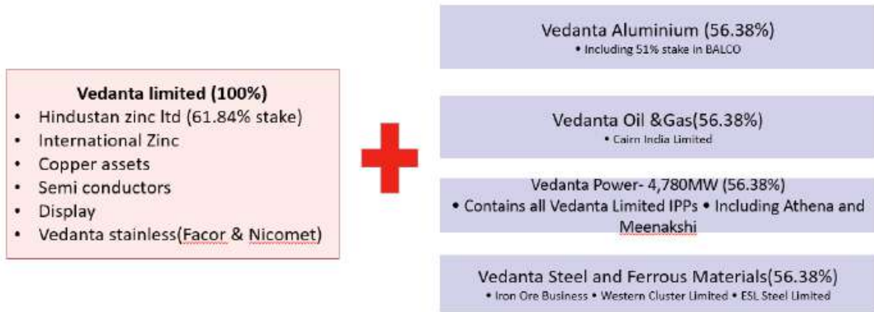
Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	236.4	23.7	32.9	4.0
RoE (%)	36.5	45.6	52.5	42.0
EBITDA growth (%)	20.3	25.8	19.2	5.3
Payout ratio (%)	127.8	88.5	31.7	30.5

Demerger by FY26-end—value improves by INR84/share

VEDL is demerging its business into five separate listed entities (aluminium, power, oil& gas, steel & iron ore and Vedanta, which shall house zinc business, copper, etc), thereby giving investors an opportunity to invest in a commodity of their choice. The demerger is envisioned as a simple vertical split—for every share of VEDL, a shareholder will additionally receive one share each of the five newly listed companies. One positive is that new ventures shall be clubbed under one company, Vedanta Limited, which removes ambiguity of owning other commodity companies.

Exhibit 1: Business spin-off to enhance value (likely by FY26-end)



Source: Company, Nuvama Research

Hearing at the NCLT's second motion was completed on Nov 12, 2025 and we expect the final and favourable order to come in early December. **Assuming favourable order, we expect demerger process to be concluded in Q4FY26** (delay of a year).

This will **help in unlocking value by improving valuation multiple of companies such as aluminium, steel and power. We estimate our fair value of INR686 (ceteris paribus) shall be enhanced by INR84/share once the demerger comes into effect.**

Exhibit 2: Enhanced value/share post-demerger for selected business segment

EV-(INR/share)	Current value	Enhanced value-post demerger	Incremental value
Aluminium	435	471	**36**
Steel & iron ore	20	41	**21**
Power	52	79	**28**
EV	507	592	**84**

Source: Nuvama Research

At the CMP of INR512, the stock trades at 5.3x/4.8x FY27E/28E EV/EBITDA on a proportionate basis.

Aluminium: This business houses a 51% stake in Balco too, taking total aluminium capacity to 2.8mtpa. We value aluminium business at 6.0x FY28E EV/EBITDA (market is giving lower valuation multiple).

Despite being by far the largest aluminium producer in India (2.8mtpa versus 1.3mtpa of Hindalco and 0.46mtpa of Nalco) and expectation of higher earnings growth, VEDL is not the first choice of investors while investing in aluminium companies. Currently, all aluminium companies' sensitivity to aluminium price change is 3–5%, but post-demerger, Vedanta Aluminium's sensitivity is high at ~8%.

We believe with the demerger, the aluminium business shall command higher EV/EBITDA multiple (6.0x-plus). **Assuming even 0.5x increase in multiple to 6.5x, the fair value is likely to be higher by INR36/share.**

Exhibit 3: Highest growth in aluminium among peers

EBITDA (INR mn)	FY25	FY26E	FY27E	FY28E	FY25-FY28E CAGR (%)
Nalco	75,646	73,168	81,796	93,315	7
Hindalco India- aluminium	1,68,360	1,91,643	1,85,794	1,93,059	5
Vedanta - Aluminium	1,74,675	2,49,529	3,11,394	3,42,576	25

Source: Company, Nuvama Research

Exhibit 4: Sensitivity: a USD100/t change in aluminium prices changes FY27E EBITDA by 3–5%

Companies	(% change)
Nalco	5.0
Hindalco	3.1
Vedanta	4.0

Source: Nuvama Research; Post demerger, Vedanta's aluminium business sensitivity will be ~8%

Steel and iron ore: It has 1.5mtpa steel plant along with captive iron ore. This also has 10mtpa merchant iron ore facility (7mtpa at Karnataka and 3mtpa at Goa). We value this business at 5.0x FY28E EV/EBITDA and arrive at an EV of INR77.9bn (INR20/share). We are factoring in FY27E/28E EBITDA of INR15.9bn/INR15.6bn.

If we value the steel plant at replacement cost, the fair value could be ~INR109bn (INR28/share). This, including iron ore business, can lead to total EV of INR159bn (INR41/share); thus incremental value of INR21/share exists. We observe that NMDC Steel's (3mtpa flat steel producer) current EV is INR168.7bn i.e. EV/t of INR56,238 (H1FY26 EBITDA of INR6.1 bn).

Exhibit 5: Steel & iron ore: incremental value of INR21/share possible post-demerger

Particulars	FY28E
EBITDA	**15,583**
Steel	5,600
Iron ore	9,983
Multiple (x)	5.0
EV (INR mn)	77,915
EV(on replacement cost of steel) a	1,09,083
Ev of iron ore -b	49,915
Total EV possible (a+b)	1,58,998
Incremental value (INR mn)	**81,083**
Per share (INR)	**21**

Source: Nuvama Research

Power: We value at 8.0x FY28E EV/EBITDA and arrive at an EV of INR202bn (INR52/share).

Vedanta's power plant is spread across four units with total capacity of 4,780MW. Out of this, units at Talwandi Sabo (1980MW) and Jharsugda (600MW) has been operational since ages while the other two Meenakshi Energy ltd(1000MW) and Athena (600MW out of 1200MW) were operationalised in H1FY26 and are ramping up. The last 600MW power plant is likely to be operational by FY26-end.

The power subsidiary's value can get a boost from the split. We are factoring in an EBITDA of INR23bn/25bn in FY27E/28E building in conservative EBITDA of ~INR0.9/unit. We do not foresee any challenge for coal availability. Hence, it is likely to be lucrative for VEDL. Recently, it signed a 500MW PPA from the Tamil Nadu Discom, providing visibility to power earnings. The 500MW (300MW from Meenakshi and 200MW from Athena at INR5.38/unit) supply will start from May 2026 for five years (target to earn an average ~INR1.4/unit on it).

Our current value implies power assets are valued at INR52mn/MW versus capex of any greenfield plant of INR70–80mn/MW. We reckon the market shall still value it at minimum INR65mn/MW. If this happens, **incremental value could be ~INR28/share.**

Exhibit 6: Power value can be enhanced by INR28/share post-demerger

Particulars	FY27E
Power capacity (MW)	4,780
EBITDA (INR mn)	25,291
Multiple (x)	8.0
EV (INR mn)	2,02,326
EV/MW (INR mn)	42
Proposed EV/MW (INR mn)	65
Incremental value (INR mn)	**1,08,374**
Per share (INR)	**28**

Source: Nuvama Research

Delivery: volume growth, cost reduction and firm commodity prices

A 1,600MW power plant, 1.5mtpa alumina and 435ktpa aluminium plant has been commissioned in H1FY26 and benefits will start flowing in Q3FY26 onwards. Furthermore, 200ktpa zinc expansion at Zinc International and 600MW power plant are likely to be commissioned by H1FY27. We are factoring in volume CAGR of 6%/ 29%/18% in aluminium/Zinc international and power over FY26–28E and aluminium CoP to fall by ~USD300/t to USD1,630 in FY28E.

We are factoring in average LME aluminium/zinc/silver price of USD2,700/2,850/40 in FY27E/28E. Factoring in above prices, volume and other cost dynamics, we expect EBITDA to increase at a 16% CAGR over FY25–28E. We expect aluminium to surpass zinc profits by FY26, and both segment to contribute ~87% to FY28E EBITDA.

Exhibit 7: EBITDA to increase at a 16% CAGR over FY25–28E, thanks to aluminium segment

INR mn	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (FY25-28E)
Total EBITDA	**3,44,220**	**3,51,980**	**4,23,430**	**5,32,497**	**6,34,480**	**6,68,424**	**16.4**
Zinc	1,94,460	1,42,550	1,86,170	2,12,263	2,39,173	2,39,091	8.7
HZ	1,75,120	1,35,620	1,72,960	1,93,951	2,11,890	2,03,183	5.5
International Zinc	19,340	6,930	13,210	18,312	27,284	35,908	39.6
Copper	(40)	(690)	(1,120)	(1,177)	(1,177)	(1,177)	
Aluminium	58,470	93,474	1,74,675	2,49,529	3,11,394	3,42,576	25.2
Power	8,420	9,710	7,370	16,618	22,824	25,291	50.8
Iron ore	9,880	16,760	10,060	10,998	10,385	9,983	(0.3)
Steel	3,160	2,250	5,220	2,006	5,600	5,600	2.4
Oil & gas	68,900	74,996	46,640	42,260	41,281	42,061	(3.4)
EBITDA ex HZ	**1,69,100**	**2,16,360**	**2,50,470**	**3,38,545**	**4,22,590**	**4,65,241**	**22.9**

Source: Company, Nuvama Research

Exhibit 8: FY27E and FY28E price assumption

(USD/t)	Price
LME aluminium	2,700
LME zinc	2,850
Silver (USD/ounce)	40

Source: Nuvama Research

A USD100/t change in aluminium and zinc and USD1/ounce change in silver increases consolidated FY27E EBITDA by 4%, 1.4% and 0.3%, respectively (on individual basis).

Exhibit 9: Change in FY27E EBITDA

	EBITDA (INR mn)	EBITDA (%)
Aluminium	25,357	4.0
Zinc	8,981	1.4
Silver	2,131	0.3

Source: Nuvama Research

Major project in ramp up phase

After major delays in commissioning/ramping up of announced projects, a 1.5mtpa alumina, 435ktpa aluminium was commissioned in Q2FY26-end. Moreover, 200ktpa zinc expansion at Zinc International is likely to be commissioned by H1FY27. **These projects have the potential to raise EBITDA by ~USD1bn at peak capacity in FY28**.

Exhibit 10: Benefits of expansion plan; potential to generate ~USD1bn/year at peak utilisation

Projects	Capacity (mtpa)	FY26E	FY27E	FY28E
Alumina	3.0			
Volume (mt)		1.0	2.4	2.7
Saving (USD/t)		100	150	150
Saving (USD mn)		100	360	405
Exchange rate		87.5	87.5	87.5
Saving (INR mn)		8,750	31,500	35,438
Aluminium	0.44			
Volume (mt)		0.20	0.39	0.44
EBITDA (USD/t)		800	800	800
EBITDA (USD mn)		160	313	348
Exchange rate		87.5	87.5	87.5
EBITDA (INR mn)		14,000	27,405	30,450
Value added products	1.4			
Volume (mt)		0.7	1.3	1.4
EBITDA (USD/t)		90	90	90
EBITDA (USD mn)		63	113	126
Exchange rate		87.5	87.5	87.5
EBITDA (INR mn)		5,513	9,923	11,025
Zinc International				
Volume (mt)	0.2		0.10	0.16
EBITDA (USD/t)			800	800
EBITDA (USD mn)			80	128
Exchange rate			87.5	87.5
EBITDA (INR mn)			7,000	11,200
Total		**28,263**	**75,828**	**88,113**

Source: Nuvama Research

Aluminium: EBITDA to increase at a 25% CAGR over FY25–28E

An 85%-plus captive alumina, 100% captive coal and 65% captive bauxite shall help VEDL cut aluminium hot metal CoP to ~USD1,500/t (FY25 hot metal CoP:USD1,835/t) on a structural basis by end-FY28. The CoP, thereafter, will move in a narrow USD200–250/t band, like its zinc CoP in India. This would help the company sustain high profits of ~USD800/t (FY21–25 average EBITDA/t of USD640) even at LME aluminium price of USD2,100–2,200/t.

We reckon the aluminium segment EBITDA shall expand at a CAGR of 25% over FY25–28E to INR342bn and EBITDA/t of USD1,380 amid higher aluminium prices

(LME: USD2,700/t) and cost reduction (increased captive alumina, coal and bauxite along with lower prices leading to ~USD300/t reduction in FY28 from FY25).

Aluminium CoP to be structurally closer to USD1,620/t by FY28E

VEDL is moving in the right direction and is in process of reducing its aluminium CoP on a structural basis. This will be done by reducing overall alumina and power costs. We believe its aluminium hot metal CoP would reduce to ~USD1,500/t from end-FY28 and total aluminium CoP to be ~USD1,620/t.

- **Alumina capacity up by 3mtpa to 5mtpa; to be ~85% self-sufficient by FY28**

VEDL successfully commissioned a 1.5mtpa alumina refinery in Apr-24 and another 1.5mtpa at end-Q2FY26, taking total capacity to 5mtpa. Amid difficulty in obtaining bauxite and operational issues, VEDL was unable to ramp it up in FY25. Total alumina production was 1.97mt, up ~9% YoY and fulfilled only 42% of the requirement in FY25. We observe the ramp up of the alumina plant (annualised alumina production was 2.6mt in Q2FY26) and is likely to increase production in the ensuing quarter.

We are factoring in 2.84mt/4.0mt/4.68mt captive alumina, which shall fulfil 58%/76%/86% of the requirement in FY26E/27E/28E.

Furthermore, its bauxite mine, Sijimali block (initially 9mtpa, expandable to 12mtpa) in Odisha, has been delayed due to a delay in obtaining regulatory approvals. We assume that it can start mining from H2FY27 (won at a premium of 112%) and reduce imports, thereby saving on freight cost. A 8mtpa Kurloi coal mine too is likely to start production in FY27. All in all, **the reduced bauxite imports (7% versus 50% currently) and increased captive alumina and lower alumina prices would result in a saving of ~USD298/t in FY28E versus FY25.**

Exhibit 11: Captive alumina to increase, reducing cost fluctuations

(mt)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Alumina requirement	3.8	3.9	4.4	4.4	4.6	4.7	4.9	5.3	5.5
Captive	1.8	1.8	2.0	1.8	1.8	2.0	2.8	4.0	4.7
Market	2.0	2.1	2.4	2.6	2.8	2.7	2.1	1.3	0.8
Captive as a % of total	48	47	45	41	40	42	58	76	86

Source: Company, Nuvama Research

Exhibit 12: Aluminium hot metal CoP to reduce on structural basis

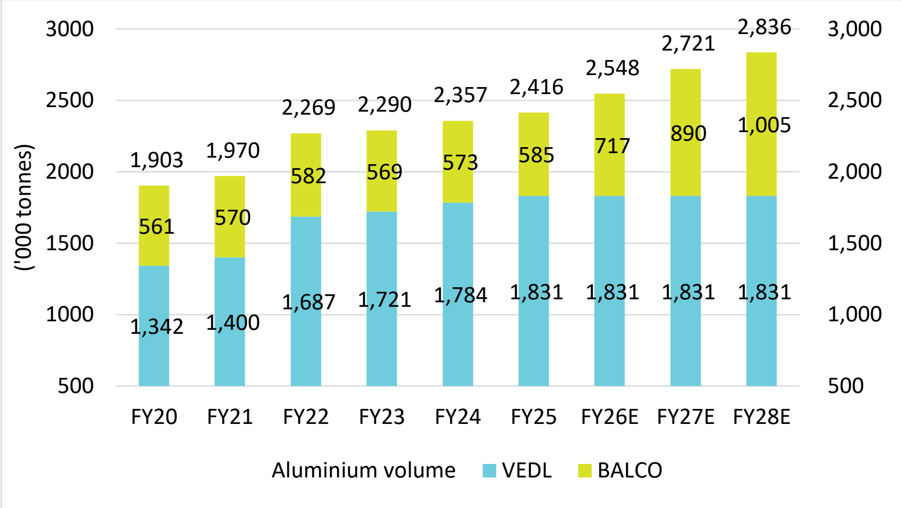
(USD/t)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Alumina	651	568	742	763	716	916	803	717	667
Power	671	482	678	961	620	553	511	487	471
Others	449	347	434	599	463	366	415	400	400
Total hot metal CoP	**1,771**	**1,396**	**1,854**	**2,323**	**1,799**	**1,835**	**1,729**	**1,604**	**1,537**

Source: Company, Nuvama Research

Volume growth and value addition to improve profits

VEDL has expanded its aluminium capacity by 0.435mtpa at Balco, thereby increasing total capacity to 2.8mtpa by end-Q2FY26. VEDL is also expanding its value added product capacity from 1.4mtpa (~58% of total capacity) to 2.8mtpa (90% of total capacity) by FY26. The rise in value-added products will enable the company to generate additional EBITDA/t of ~USD90.

Exhibit 13: Aluminium volume to grow at a ~6% CAGR over FY25–28E



Source: Company, Nuvama Research

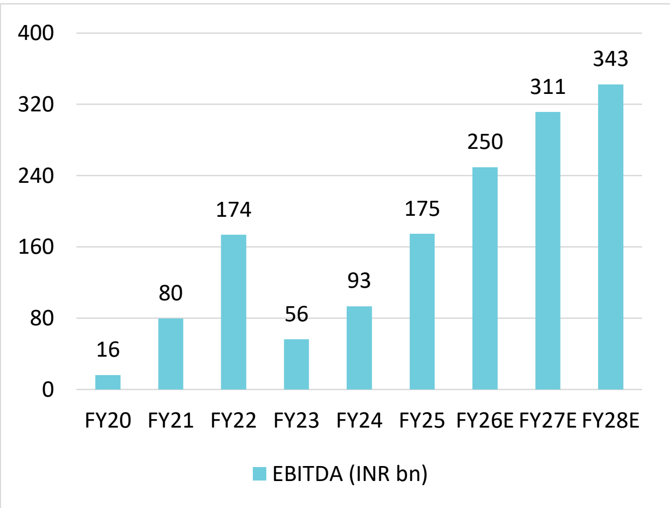
We expect the aluminium segment EBITDA to expand at a CAGR of 25% over FY25–28E to INR343bn and EBITDA/t of USD1,381 amid higher aluminium prices (LME: USD2,700/t), cost reduction (increased captive alumina, coal and bauxite along with lower prices leading to ~USD300/t reduction in FY28 from FY25).

Exhibit 14: Aluminium EBITDA to increase at a 25% CAGR over FY25–28E

Particulars	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR % (FY25-28E)
Volume (000t)	1,922	1,994	2,273	2,275	2,358	2,416	2,548	2,721	2,836	8.3
LME price(USD/t)	1,750	1,800	2,765	2,634	2,205	2,527	2,628	2,685	2,700	3.4
Blended realisation (USD/t)	1,887	1,918	2,980	2,796	2,385	2,875	2,935	3,024	3,042	2.9
CoP (USD/t)	1,771	1,396	1,854	2,323	1,799	1,835	1,729	1,604	1,537	-8.5
EBITDA (INR mn)	16,308	77,720	1,73,370	58,470	93,474	1,74,675	2,49,529	3,11,394	3,42,576	40.0
EBITDA (USD mn)	230	1,046	2,327	722	1,129	2,062	2,852	3,559	3,915	37.8
EBITDA/t (USD)	120	525	1,024	317	479	854	1,119	1,308	1,381	27.2

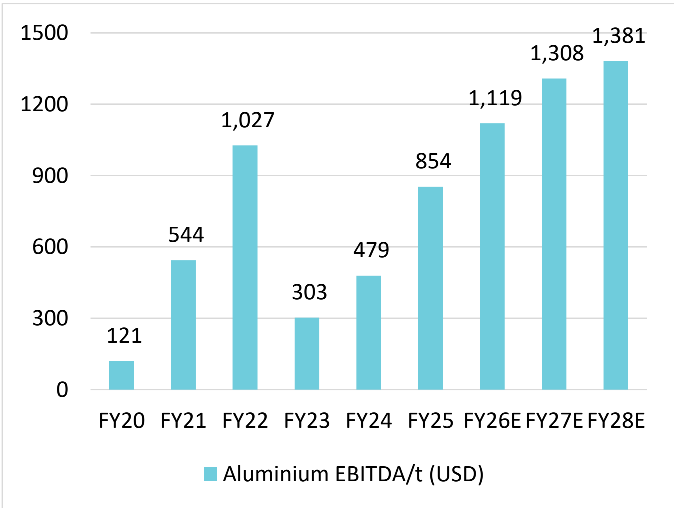
Source: Company, Nuvama Research

Exhibit 15: Aluminium EBITDA in FY28E to be ~2x of FY25



Source: Company, Nuvama Research

Exhibit 16: EBITDA/t to expand by USD527/62% by FY28E

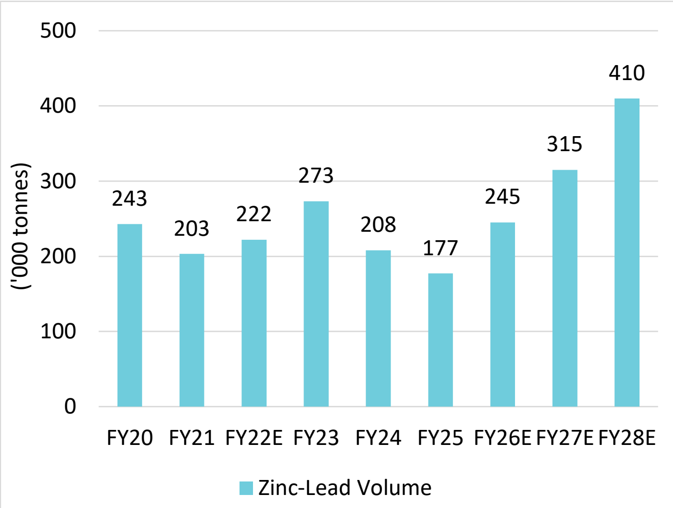


Source: Company, Nuvama Research

Zinc International: EBITDA to increase at 40% CAGR over FY25–28E

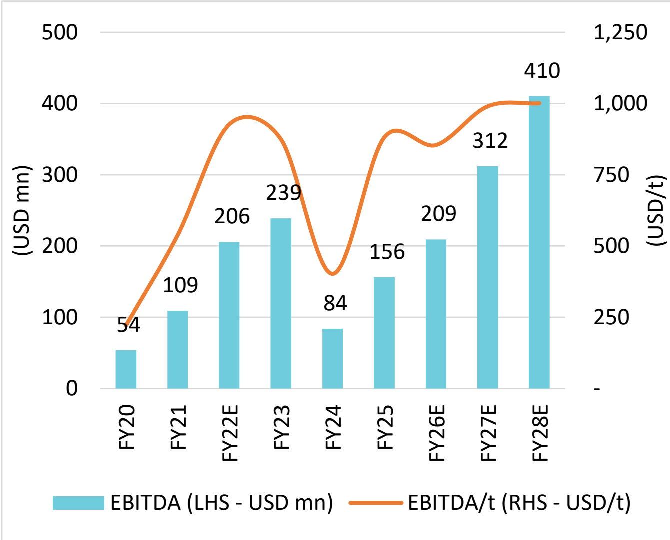
VEDL has outlined a capex of ~INR52.8bn for its growth projects (spent ~67% of capex until H1FY26 and 80% of work is completed), wherein it is expanding Gamsberg mined metal capacity by ~200ktpa to ~450ktpa. Gamsberg Phase 2 project includes mining expansion from 4mtpa to 8mtpa and construction of a new concentrator plant of 4mtpa, taking the total capacity to 8mtpa. We observed a delay of a year and the project is likely to be now completed by Q1FY27. **We expect a volume CAGR of 32% over FY25–28E to 410kt in FY28.**

Exhibit 17: Zinc International volume to spike at 32% CAGR over FY25–28E…



Source: Company, Nuvama Research

Exhibit 18: …driving EBITDA at ~40% CAGR over FY25–28E

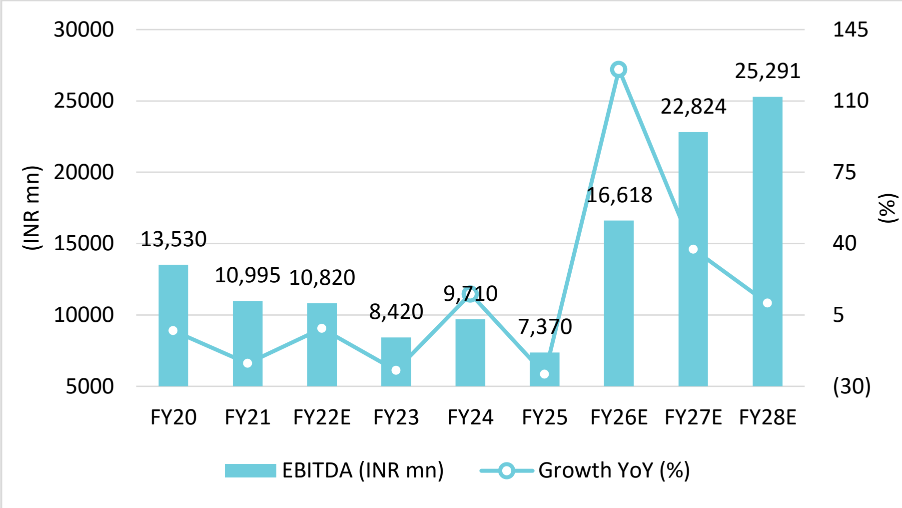


Source: Company, Nuvama Research

Power—In ramp up phase; 51% EBITDA CAGR likely over FY25–28E

VEDL has commissioned 1,000MW Meenakshi coal based power plant (Nellore, AP) and 600MW (out of 1,200MW) Athena Power (Raigarh, Chhattisgarh) in H1FY26. Furthermore, 600MW Athena power plant is likely to be commissioned by end-FY26. This would help the power segment's EBITDA to increase at a CAGR of 51% over FY25–28E to INR25.3bn. We are factoring in an EBITDA of INR23bn/25.3bn in FY27E/28E building in conservative EBITDA of ~INR0.9/unit. Recently, it signed a 500MW PPA from the Tamil Nadu Discom, providing visibility to power earnings. The 500MW (300MW from Meenakshi and INR200MW from Athena at INR5.38/unit) supply will start from May-26 for five years (target to earn an average ~INR1.4/unit on it).

Exhibit 19: Ramp-up at Meenakshi, Athena to drive 51% EBITDA CAGR over FY25–28E

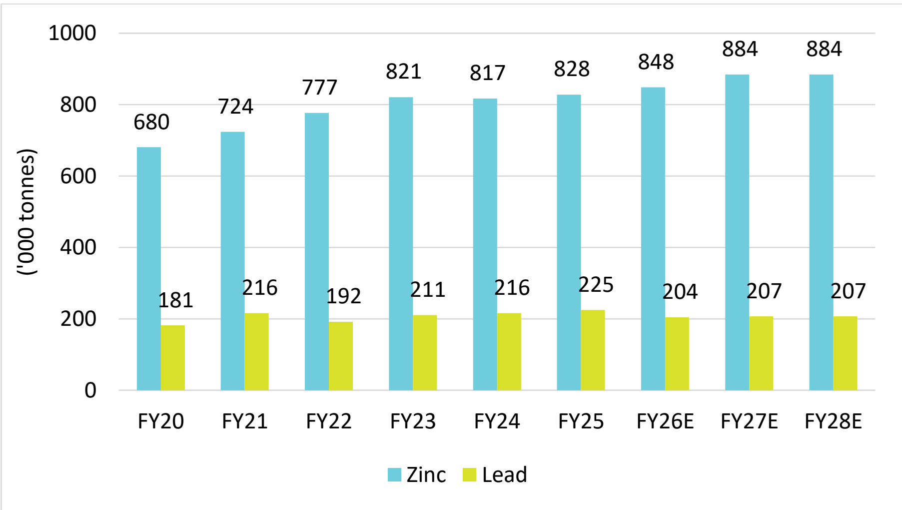


Source: Company, Nuvama Research

Zinc India (HZ)—embarks on expansion; earnings depend on prices until FY28E

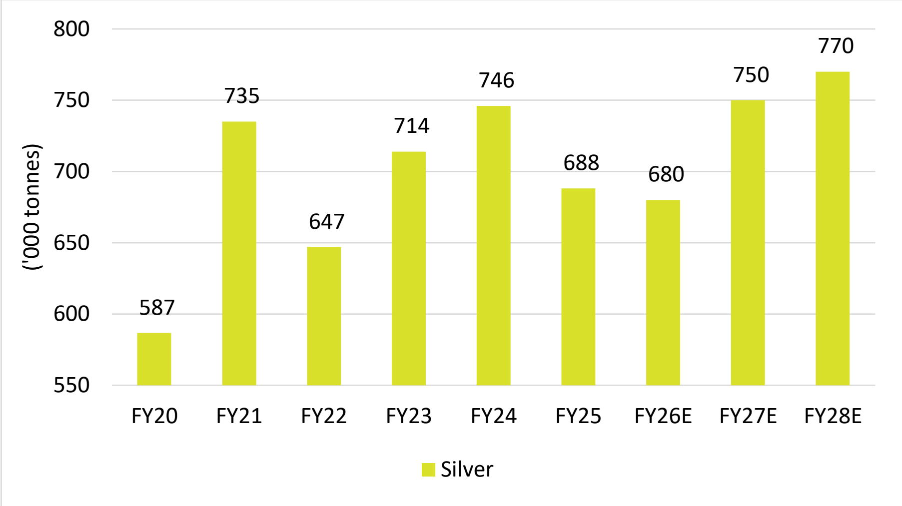
We expect HZ's earnings to depend more on prices until FY29 as volume growth across products is minimal and CoP is already near -bottom. We expect refined metal volume to increase at a CAGR of ~2% over FY25–28E to 1.1mt and silver volume to increase at a CAGR of ~4% over FY25–28E to 770t. We are factoring in average LME zinc price of USD2,850/t and average silver price of USD40/lb in each of FY27 and FY28. On the above assumption, EBITDA is likely to increase at a CAGR of 6% over FY25–28E.

Exhibit 20: HZ zinc-lead volume at peak levels; volume growth from H2FY29E



Source: Company, Nuvama Research

Exhibit 21: Silver volumes to grow at a ~4% CAGR over FY25–28E

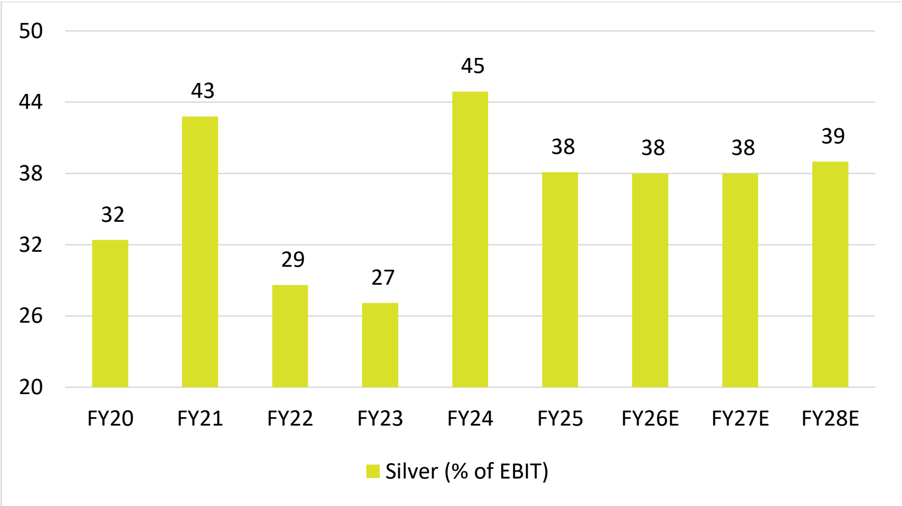


Source: Company, Nuvama Research

Silver contribution to HZ's EBITDA on the rise

With increase in silver volume and higher silver prices, we observe silver's share in HZ's EBITDA is on the rise and consists of ~38% of FY25E EBIT.

Exhibit 22: Silver contribution to stay consistent at 38–39% of EBIT over FY25–28E



Source: Company, Nuvama Research

A 200ktpa integrated refined zinc expansion at capex of INR120bn

HZ has embarked on a journey to double its capacity in a phased manner. For now, the board has approved phase 1 of growth capex, wherein the company plans to set up 250ktpa refined zinc capacity at Debari along with matching mining capacity. It will increase refined zinc capacity from 919ktpa to 1,169ktpa (up 27%) and mined metal capacity by 330kt to 1.51mt (up 28%). Furthermore, HZ would set up a fumer plant, which would enhance silver refining capacity by 30tpa to 830tpa. The phase 1 capex is estimated to be INR120bn, out of which smelter and fumer would require INR62bn and mining INR58bn. **It is likely to be completed in three years from the date of order placement, i.e. H1FY29E.**

Debt under control; peaked out in FY24

We do not foresee any risk of default either by VEDL or by promoter company, Vedanta Resources (VRL). During FY25, the group net debt has fallen by ~USD1.1bn to USD13.1bn. VEDL, despite paying brand fee (~INR30bn) and high dividend (~INR167.9bn), managed to reduce its net debt (ex-Hindustan Zinc) by ~INR25bn to INR668.4bn in FY25.

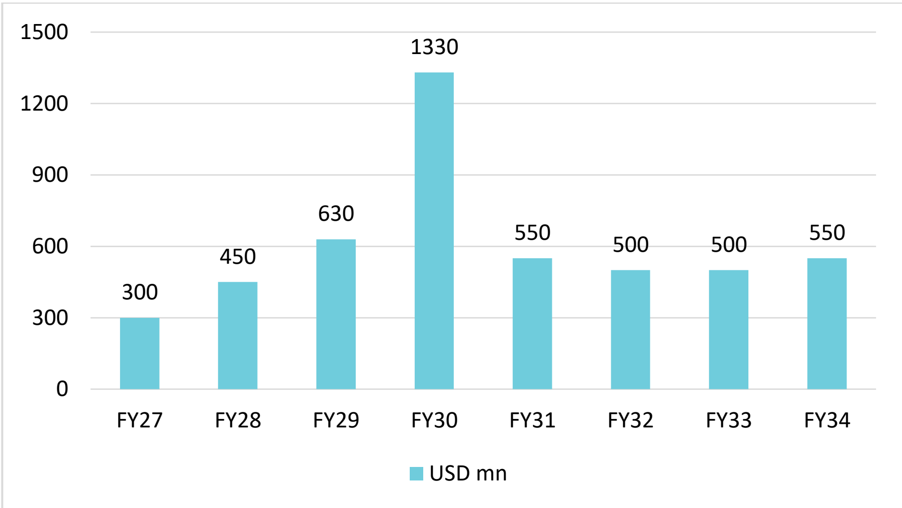
VRL has judiciously increased duration of debt (net debt of ~USD4.4bn at Q2FY26) which needs to be repaid by FY34 and allay any fear of default. Even VEDL's net debt (ex-HZ) is likely to reduce to ~INR585bn by FY27E (net debt ex-HZ/EBITDA: 1.4x in FY27E versus 2.7x in FY25) with incremental cashflows coming in from firm prices and projects being commissioned in FY26.

Exhibit 23: Group net debt peaks in FY24; falls by USD1.1bn YoY in FY25

(USD mn)	FY22	FY23	FY24	FY25	Decrease (YoY)
Vedanta Resources (VRL)	8,913	7,203	5,588	4,914	-674
Vedanta (VEDL)	4,232	7,160	8,633	8,203	-430
Group Level	13,145	14,363	14,221	13,117	(1,104)

Source: Company, Nuvama Research

Exhibit 24: VRL's debt maturity profile; has room to be refinanced, if required



Source: Company, Nuvama Research; excludes Inter-company loan of USD417mn (USD200mn in Jan'26/USD217mn in June'26)

Dividend and brand fee by VEDL to meet VRL's debt obligation

We are factoring in that VEDL shall pay a DPS of INR20 in each of H2FY26E/FY27E/FY28E, which would help in meeting VRL's debt obligation. In H1FY26, VEDL has already paid interim DPS of INR23.

Currently, promoters have no intent of raising brand fee as a percentage of revenue of VEDL (~3% of revenue) and Hindustan Zinc (~3% of revenue). The company has the flexibility to raise brand fee up to 5% of revenue without minority shareholders' approval. Until FY24, we observe that though VRL's debt has been falling, VEDL's debt has been on the rise.

Exhibit 25: Brand fee, dividend by subsidiaries and stake sale help VRL cut down its debt by ~USD4bn from FY22

(INR mn)	FY20	FY21	FY22	FY23	FY24	FY25
Brand fee	5,260	9,850	16,170	20,820	28,650	30,390
Dividend	7,596	19,390	1,13,581	2,63,136	74,733	94,690
Stake sale				16,502	41,371	17,359
Total received from subsidiaries (INR mn)	12,856	29,240	1,29,751	3,00,458	1,44,754	1,42,439
Total received from subsidiaries (USD mn)	181	394	1,742	3,709	1,748	1,682

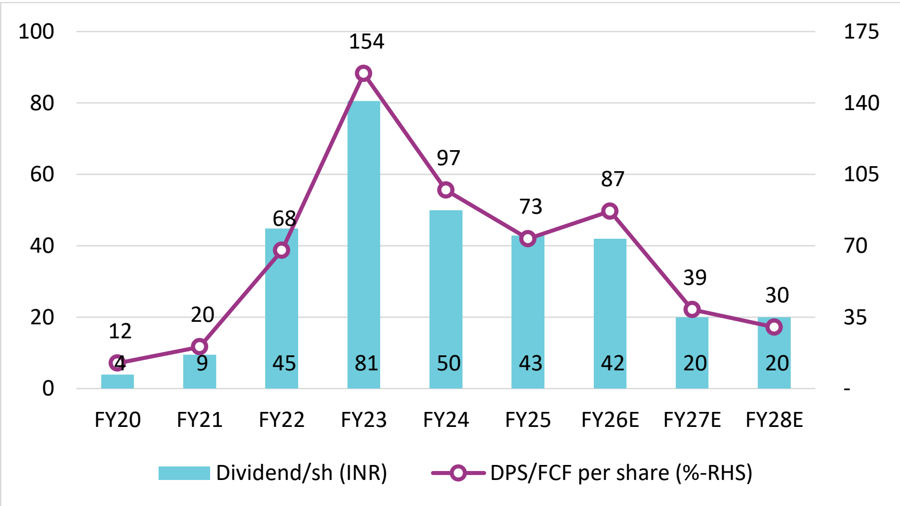
Source: Company, Nuvama Research

Exhibit 26: VRL managing debt via brand fee and dividend from VEDL

(INR mn)	H2FY26E	FY27E	FY28E
Exchange rate (USD/INR)	88.5	87.5	87.5
Requirement of Fund			
Interest	280	400	400
Principal	200	517	450
Total (USD mn)	480	917	850
Total (INR mn)	**42,480**	**80,238**	**74,375**
Sources of Fund			
Brand fee (3% of standalone+3% of HZ & others revenue)		36,011	36,128
Dividend from sub	42,480	44,226	38,247
VRL stake in VEDL (%)	56.4	56.4	56.4
VEDL has to give dividend (INR mn)	75,319	78,415	67,814
DPS required(INR/sh)	**19**	**20**	**17**

Source: Company, Nuvama Research

Exhibit 27: DPS to trend down from FY27; expect DPS of INR20 in H2FY26/FY27/FY28



Source: Company, Nuvama Research

VEDL's (ex-HZ) cash flows to support dividend without leveraging

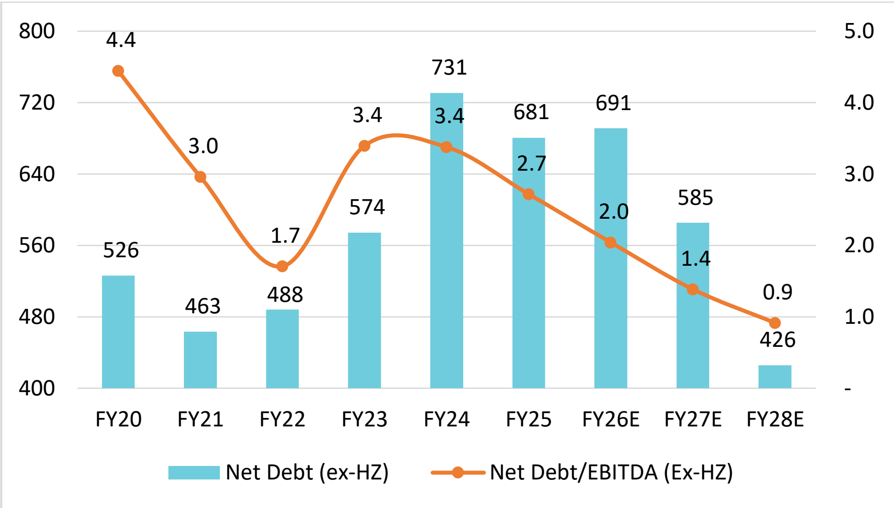
VEDL's (ex-HZ) cash flows can help meet its capex requirement and can have INR37/share in FY27E and INR45/share in FY28E, which can be paid as dividend, if required. The surplus can be used to deleverage its own balance sheet. Moreover, we believe HZ (61.8% subsidiary) can pay out INR20/share in dividend, which works out to a DPS of INR13.4 each for VEDL in FY27E and FY28E.

Exhibit 28: VEDL (ex-HZ) free cash flow generation

(INR mn)	FY26E	FY27E	FY28E
EBITDA	3,38,545	4,22,590	4,65,241
Int	84,086	84,688	87,459
Dep	88,797	96,196	1,07,503
Other income	28,476	27,079	25,220
PBT	1,94,139	2,68,785	2,95,500
Tax	48,535	67,196	73,875
PAT	1,45,604	2,01,589	2,21,625
PAT+ Dep	2,34,401	2,97,785	3,29,128
Capex	(1,25,575)	(1,51,300)	(1,51,300)
Free cash flows	1,08,826	1,46,485	1,77,828
Free cash flow/share (INR)	**28**	**37**	**45**

Source: Nuvama Research

Exhibit 29: Vedanta (ex-HZ) net debt and net debt/EBITDA trend



Source: Company, Nuvama Research

Not acquiring JP Associates—a blessing in disguise

The Committee of Creditors favours the Adani group to acquire JP Associates (under NCLT) due to its higher upfront payment. Earlier, VEDL emerged as the highest bidder to acquire JP Associates' assets by agreeing to pay INR170bn in five years.

Going into unrelated businesses at this point of time when the priority should be deleveraging was a cause of concern. We believe not acquiring JP Associates is positive for VEDL as it was not only contrary to its proposed demerger of different assets (pure play), it could also have led to an increase in debt without commensurate earnings.

This removes the overhang on the stock and the company is likely to focus on expansion at existing operations and deleverage its balance sheet.

Exhibit 30: Company's vision on expansion across commodities

Business	Particulars	FY25	FY26E	FY27E	FY30E
Aluminium	Capacity	2.4mtpa	2.8mtpa	3mtpa	3mtpa+
	VAP capacity	1.7mtpa	2.8mtpa	2.8mtpa	3mtpa+
	VAP mix	53%	70%	93%	100%
	Alumina capacity	3.5mtpa	5mtpa	Initiate debottlencking to 6mtpa	6mtpa
	Alumina production	2mt	3.1mt	ramp-up to 5mt	
	Aluminium production		2.5-2.6mt		
	Kurloi coal mine(8mtpa)	73%	100%	Fully ramp-up	
	Ghogharpalli coal mine (20mtpa)			100%	Fully ramp-up
	Sijimali Bauxite mine (9mtpa)		100%	Fully ramp-up	Expand to 12mtpa full utilisation
Power	Athena (1200MW)		Fully commission; PLF: 61%		
	Meenakshi (1000MW)		Fully commission; PLF: 52%		
Zinc International	Total MIC capacity (Gamsberg)	250ktpa	470ktpa		
	Gamsberg Phase 2	69%	Commision by FY26-end		
	Black mountain iron ore project	86%	100%		
	Gerarub Mine	Initiate feasibility study at Gergarub (EC and mining license received)	Finalise and initiate investment plan	Deliver MIC of 70ktpa	
	Production Guidance	178kt	265kt	400kt	500kt+
	CoP/t	USD1,135	USD1,250-1,350		
Zinc India	Expansion progress		Commission 510ktpa fertilizer plant by FY26 end	Enhance R&R to 500mt	
			Initiate expansion of 250ktpa zinc smelter		Commission tailings reprocessing plant of 10mtpa
	Production Guidance				
	Mined metal	1.09	1.12	1.25	
	Refined metal	1.05	1.1	1.2	2
	Silver	687	700-710t		1500t
	RE mix (%)	13%	35%	55%	70%
	CoP	USD1052	USD1025-1050	USD1000	<USD1,000

Source: Company's FY25 Annual Report, Nuvama Research

Exhibit 31: Capex breakdown

Capex in Progress (In USD mn)	Timeline	Capex approved	Capex spent up to FY25	Spent in H1FY26	Unspent as on 30th Sep-25
Cairn India – Mangala, Bhagyam & Aishwariya infill, OALP, ABH infill, RDG infill, Offshore infill etc	In progress	84,710	33390	14350	36,970
Aluminium Sector					
Jharsuguda VAP capacity expansion and others	FY28	16,560	13140	1420	2,000
Coal & Bauxite Mines	In progress	82,450	9310	4670	68,470
Lanjigarh Refinery: 2 to 5mtpa	Completed	65,850	51530	4420	9,900
Balco smelter and VAP capacity expansion	Completed	1,12,260	77940	16240	18,080
Zinc India					
Roaster (Debari)	Completed	10,250	9730	270	250
250KTPA integrated zinc metal complex	Q2FY29	1,20,000	0	70	1,19,930
RA tailing reprocessing	FY28-end	38,230	0	320	37,910
Others		32,520	15750	6240	10,540
Zinc International					
Gamsberg Phase II Project	FY26-end	52,840	28860	6660	17,320
Iron Ore Project		3,290	2310	90	890
ESL					
1.7 to 3.5mtpa hot metal	FY28	28,510	15480	2880	10,150
Facor					
150 to 450 KTPA ferro chrome	FY26-end	26,500	2140	7310	17,050
Power					
Athena power project	Q4FY26	38,700	15230	9830	13,640
Iron Ore					
DI Pipe	FY26 end	7,220	1310	720	5,190
3mtpa Magnetite concentrator plant at Liberia		24,860	40	50	24,780
Vedanta Copper International					
Copper Rod plant - KSA	Initiated	2,790	150	60	2,580
Total		**7,47,540**	**2,76,310**	**75,600**	**3,95,630**

Source: Company, Nuvama Research

Exhibit 32: Key assumptions

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Exchange rate (INR/USD)	81.0	82.8	84.7	87.5	87.5	87.5
Total Zinc price (USD/t)	3,669	2,671	3,124	3,075	3,100	3,100
Total aluminium price (USD/t)	2,796	2,305	2,692	2,753	2,835	2,850
Brent crude (USD/barrel)	90	80	70	65	65	65
Zinc mined metal volumes-India (kt)	1,017	1,062	1,079	1,095	1,116	1,139
Aluminium sales (kt)	2,285	2,357	2,416	2,548	2,721	2,836
Crude volume (kboepd)	143	127	103	95	94	95

Source: Company, Nuvama Research

Exhibit 33: FY28E SotP valuation

Particulars	FY28E EBITDA (INR mn)	Multiple (x)	Implied EV
Aluminium-VAL	2,22,521	6.0	13,35,129
Aluminium- Balco (51% stake)	1,20,055	6.0	3,67,368
Oil & gas	42,061	4.0	1,68,243
Base metals	34,730	6.0	2,08,382
Steel & iron ore	15,583	5.0	77,915
Power	25,291	8.0	2,02,326
Total EV			23,59,362
Average Net debt			5,34,999
Derived Market Cap			18,24,364
No. of shares (mn)			3,910
Fair value (INR/sh)- A			**467**
Hindustan Zinc	2,03,183	7.0	14,22,280
Average Net debt			29,580
Derived Market Cap			13,92,700
Stake in Hindustan Zinc (61.8%)-			8,61,246
No. of shares (mn)			3,910
Fair value (INR/sh)-B			**220**
Final fair value (A+B)			**686**

Source: Company, Nuvama Research

Sensitivity of commodity prices to our target price

A USD100/t change in aluminium price changes our TP by ~8% (i.e. INR40/share).

A USD100/t change in silver price changes our TP by ~2.6% (i.e. ~INR14/share).

Exhibit 34: Sensitivity analysis

	Target price (INR/share)	Aluminium price (USD/t)							
	686	**2,400**	**2,500**	**2,600**	**2,700**	**2,800**	**2,900**	**3,000**	**3,100**
Zinc price (USD/t)	2,450	509	549	590	630	670	710	750	790
	2,550	523	563	604	644	684	724	764	804
	2,650	537	577	618	658	698	738	778	818
	2,750	551	591	632	672	712	752	792	832
	2,850	565	605	646	**686**	726	766	806	846
	2,950	579	619	660	700	740	780	820	860
	3,050	593	633	674	714	754	794	834	874
	3,150	607	647	688	728	768	808	848	888

Source: Nuvama Research

Company Description

Vedanta Limited is a natural resources conglomerate, with primary interests in aluminium, zinc-lead-silver, oil and gas, iron ore, steel, copper, power, nickel, ferroalloys, glass display, optical fibre, and semiconductors. The company has aluminium production capacity of 2.3mtpa across its smelters in Odisha (Jharsuguda) and Chhattisgarh (Balco, Korba), and 5mtpa alumina Refinery in Odisha (Lanjigarh). Expansion is underway at the aluminium production facilities to add new product lines and at alumina refinery. Vedanta holds a 63.4% stake in Hindustan Zinc Limited (HZL) and its integrated zinc operations hold 80% market share in India's primary zinc market. Vedanta Zinc International's (VZI) operations consist of the Skorpion Zinc mine and refinery in Namibia, Lisheen mine in Ireland, and Black Mountain Mining (BMM) Limited in South Africa. Cairn Oil & Gas is the largest private sector producer of crude oil in India. Vedanta entered the steel business by acquiring ESL Steel Limited in 2018 and has plans to double the capacity by FY25E. The company aspires to be an ESG leader in the natural resources sector. Vedanta is committed to reducing carbon emissions to zero by 2050 or sooner. The company has pledged USD5bn over the next 10 years to accelerate the transition to net-zero operations.

Investment Theme

VEDL's portfolio of resources business provides advantages of scale, diversification and strong balance sheet. The company benefits from ownership of low cost, cash rich zinc-lead-silver (Zinc India) businesses. It has globally competitive unit production costs in zinc, led by its quality captive mines. We believe that future growth is likely to be delivered by volume uptick in key divisions. Aluminium, zinc, and cost efficiencies at aluminium operations.

Key Risks

- Increasing debt of VEDL to repay parent's debt
- Export duty on aluminium or zinc
- Fall in zinc/aluminium prices or premiums
- Delay in commissioning of coal blocks, alumina and aluminium expansion
- Cairn: Exploration failure, reinvestment of cash generated into low return assets investment in unrelated sector
- Zinc India: Lack of volume growth

Additional Data

Management

Non-Executive Chairman	Anil Agarwal
Executive Vice-Chairman	Navin Agarwal
Executive director	Arun Mishra
CFO	Ajay Goel
Auditor	SR Batliboi & Co LLP

Holdings – Top 10*

	% Holding		% Holding
LIC of India	5.70	UTI	0.62
ICICI Pru	3.09	Kotak AMC	0.61
Vanguard	1.79	SBI Funds	0.68
Blackrock	1.48	Aditya Birla AM	0.57
Nippon AMC	0.96	Bandhan AMC	0.48

**Latest public data*

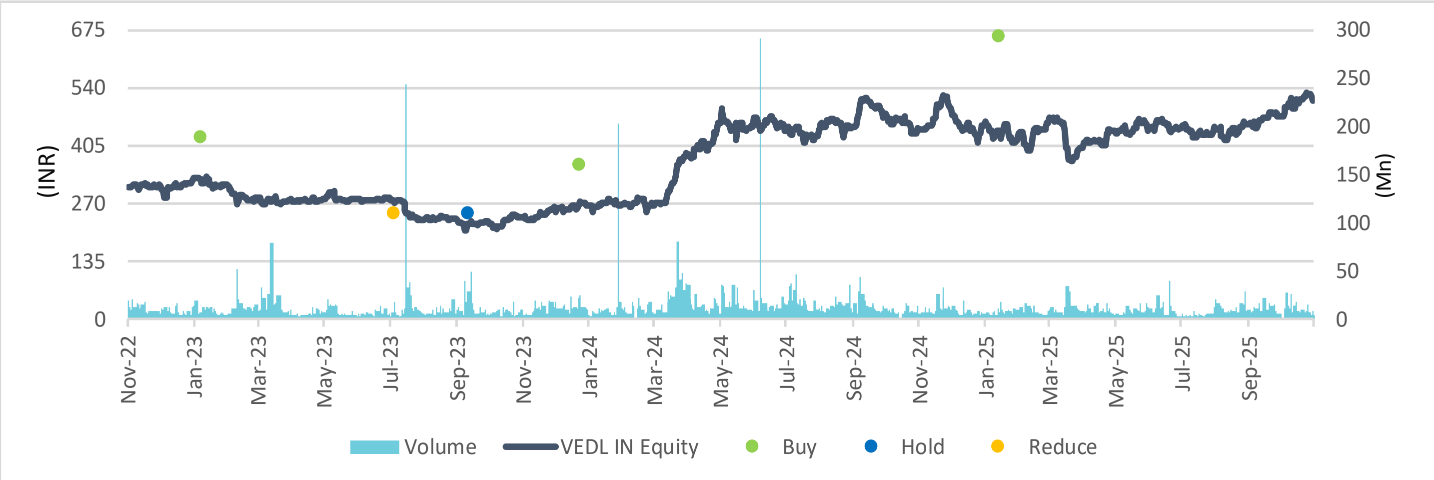
Recent Company Research

Date	Title	Price	Reco
31-Oct-25	A leveraged play; demerger in Q4FY26E; *Result Update*	493	Buy
06-Sep-25	Entering into unrelated business; *Nuvama Flash*	445	Buy
31-Jul-25	CoP to trend lower; debt under control; *Result Update*	425	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
17-Nov-25	GMDC	Tepid earnings; too much optimism priced; *Result Update*
13-Nov-25	Tata Steel	Price weakness to hurt profits; *Result Update*
11-Nov-25	Jindal Stainless	Resilient operating performance; *Result Update*

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	207
Hold	<15% and >-5%	69
Reduce	<-5%	35

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