Retail Equity Research

Vedanta Aluminium Metal Ltd

BUY

Sector: Aluminium

02nd September, 2026

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	VAML:IN	76,570	VAML	544780	12 Months

Target	**Rs. 498**
CMP	**Rs. 438**
Return	**+14%**

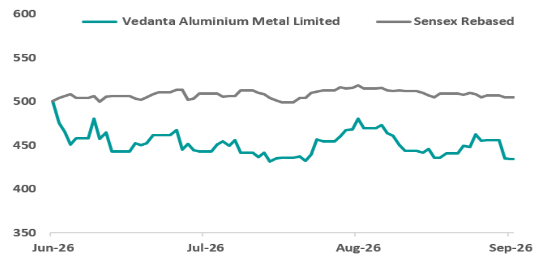
Data as of: 02-Sep-2026, 16:00 hrs

Company Data	
Market Cap (Rs.cr)	171,373
52 Week High — Low (Rs.)	538 - 422
Enterprise Value (Rs. cr)	198,648
Outstanding Shares (cr)	391.2
Free Float (%)	43.1
Dividend Yield (%)	1.8
6m average volume (cr)	-
Beta	-
Face value (Rs.)	1.0

Shareholding (%)	Q3FY26	Q4FY26	Q1FY27
Promoters	-	-	56.4
FII's	-	-	12.6
MFs/Institutions	-	-	13.9
Public	-	-	12.3
Others	-	-	4.9
Total	-	-	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-	-	-
Absolute Sensex	-	-	-
Relative Return	-	-	-

*over or under performance to benchmark index



Y.E March (Rs cr)	FY26A	FY27E	FY28E
Sales	66,891	88,014	92,415
Growth (%)	*-*	*31.6*	*5.0*
EBITDA	25,163	40,359	42,654
EBITDA Margin (%)	*37.6*	*45.9*	*46.2*
PAT Adjusted	12,212	22,051	24,312
Growth (%)	*0.0*	*70.3*	*7.8*
Adjusted EPS	31.2	56.4	62.2
Growth (%)	*-*	*70.3*	*7.8*
P/E	14.4	8.0	7.2
P/B	7.9	4.8	3.3
EV/EBITDA	8.3	5.1	4.9
ROE (%)	*54.7*	*60.3*	*46.2*
D/E	17.3	11.0	7.0

BALCO expansion nearing full capacity

Vedanta Aluminium Metal produces alumina and aluminium products and serves aerospace, defence, transport and packaging sectors.

- Consolidated revenue rose 46.0% YoY to Rs. 21,393cr, supported by higher aluminium volumes, improved realizations, and the BALCO expansion ramp-up.
- Aluminium production rose 4.5% YoY to 632kt in Q1FY27 from 605kt with BALCO rising 16.7% YoY to 168kt on a new smelter ramp-up; JSG was stable at 464kt.
- Alumina production increased 41% YoY to 826kt in Q1FY27, driven by higher volumes from the 3 MTPA circuit, while cost of production rose 3% QoQ to $373/t due to FO price headwinds from the Middle East conflict.
- EBITDA grew 134.8% YoY to Rs. 10,299cr, while EBITDA margin expanded 1,820bps YoY to 48.1%, driven by revenue growth, operating leverage, cost efficiencies and improved product mix.
- Reported profit after tax climbed 205.1% YoY to Rs. 6,597cr, supported by strong operating profitability and higher EBITDA.

Outlook & Valuation

Vedanta Aluminium delivered a strong performance driven by the BALCO smelter ramp-up, record value-added product (VAP) output, and improved captive alumina utilisation from the expanded refinery circuit. Going forward, commissioning of the Sijimali bauxite mine post-monsoon, targeted hot metal cost reduction through backward integration, Kuraloi coal block operationalisation and the proposed greenfield smelter expansion will likely strengthen operational efficiency, cost competitiveness, and volume, notwithstanding ongoing geopolitical tensions. Management guided higher alumina production in the coming quarters and targets increased domestic market penetration with enhanced VAP mix towards its long-term goal. The deleveraging trajectory and robust free cash flow generation further support long-term shareholder value creation. Therefore, **we assign a BUY rating on the stock with a target price of Rs. 498, based on 5.2x FY28E EV/EBITDA.**

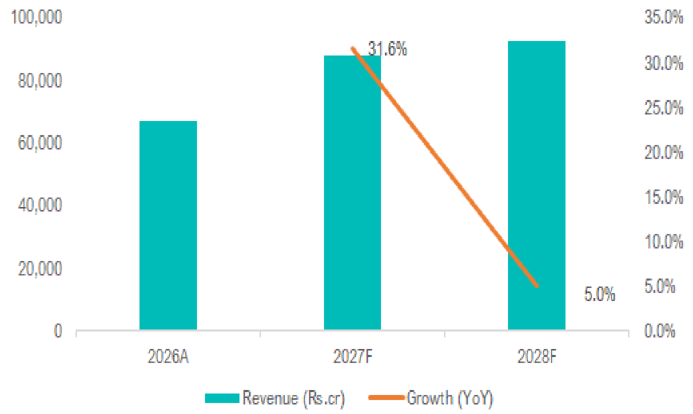
Quarterly Financial Consolidated

Rs.cr	Q1FY27	Q1FY26	YoY Growth (%)	Q4FY26	QoQ Growth (%)
Sales	21,393	14,654	*46.0*	19,124	*11.9*
EBITDA	10,299	4,386	*134.8*	8,352	*23.3*
Margin (%)	*48.1*	*29.9*	*1820bps*	*43.7*	*450bps*
EBIT	9,524	3,685	*158.5*	7,601	*25.3*
PBT	8,832	2,893	*205.3*	6,638	*33.1*
Rep. PAT	6,597	2,162	*205.1*	4,958	*33.1*
Adj PAT	5,629	1,781	*216.1*	4,556	*23.6*
Adj. EPS (Rs)	14.4	4.5	*216.3*	11.6	*23.6*

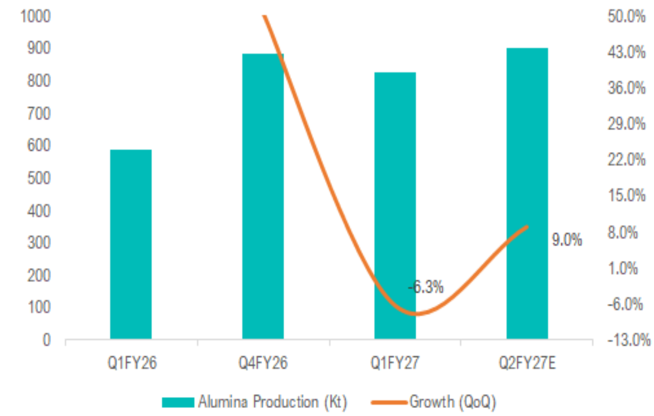
Key concall highlights

- Sijimali bauxite mine received an environmental clearance; the mining lease and consent to operate is expected within months, with production targeted to commence post-monsoon in Q3/Q4 FY27.
- The mine is expected to produce 1–2 million tonne in FY27 and ramp up to 6–7 million tonne in FY28, delivering $40–$50 per tonne cost reduction at alumina level versus imported bauxite.
- Lanjigarh alumina refinery is currently operating at 70–72% utilisation; management is targeting ramp-up to 90% capacity utilisation as the 3 MTPA circuit stabilises further.
- Management guided hot metal cost reduction of $175–$200/t over the next 3–4 quarters from the current $1,700/t, with ~70% from alumina plus bauxite integration and ~30% from captive coal linkage improvements.
- Total FY27 capital expenditure for Vedanta Aluminium guided at approximately Rs. 5,000cr, with spending allocated across growth projects and ongoing maintenance requirements.
- Management is targeting continued growth from the BALCO expansion, increased VAP mix, and domestic market penetration as key revenue and margin levers.

Revenue

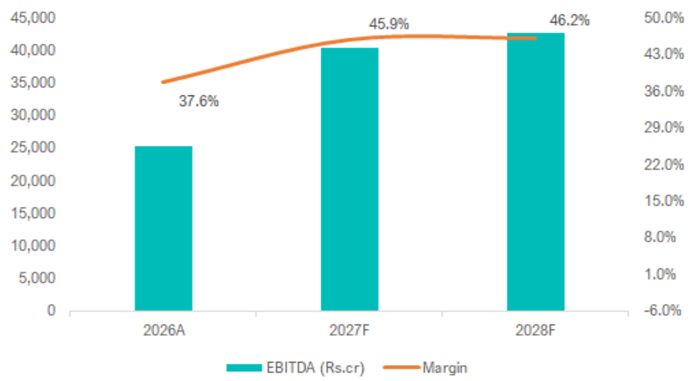


Alumina Production (Kt)*

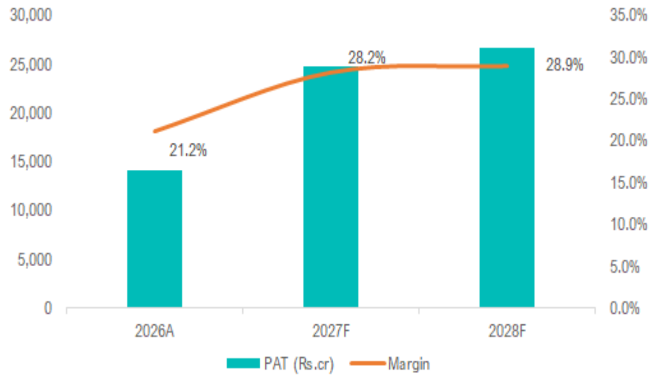


**Q2FY27E is guidance give by management (Kt 900+)*

EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Revenue	-	-	88,014	92,415	-	-
EBITDA	-	-	40,359	42,654	-	-
Margins (%)	-	-	*45.9*	*46.2*	-	-
Adj. PAT	-	-	22,051	24,312	-	-
EPS	-	-	56.4	62.2	-	-

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY26A	FY27E	FY28E
Sales	**66,891**	**88,014**	**92,415**
% change	-	*31.6*	*5.0*
EBITDA	**25,163**	**40,359**	**42,654**
% change	-	*62.2*	*6.0*
Depreciation	2,890	4,229	4,349
EBIT	**22,273**	**36,129**	**38,305**
Interest	3,905	4,314	4,513
Other Income	594	1,220	1,830
PBT	**18,962**	**33,035**	**35,622**
% change	-	*74.2*	*7.8*
Tax	4,809	8,259	8,905
Tax Rate (%)	*25.4*	*25.0*	*25.0*
Reported PAT	**14,153**	**24,776**	**26,716**
PAT att. to common	**11,819**	**22,051**	**24,312**
Adj.*	393	-	-
Adj. PAT	**12,212**	**22,051**	**24,312**
% change	-	*70.3*	*7.8*
No. of shares (cr)	391.1	391.2	391.2
Adj EPS (Rs.)	**31.2**	**56.4**	**62.2**
% change	*-1405.0*	*70.3*	*7.8*
DPS (Rs.)	8.0	20.0	21.0

Balance Sheet

Y.E March (Rs. Cr)	FY26A	FY27E	FY28E
Cash	1,742	7,176	8,130
Accts. Receivable	2,428	3,256	3,484
Inventories	6,871	7,491	7,872
Other Cur. Assets	5,224	9,922	18,895
Investments	2,597	3,116	3,740
Gross Fixed Assets	64,432	70,505	78,638
Net Fixed Assets	54,837	56,413	59,647
CWIP	9,316	9,584	10,133
Intangible Assets	912	912	912
Def. Tax -Net	1,138	1,366	1,639
Other Assets	1,957	2,953	4,669
Total Assets	**87,022**	**102,189**	**119,121**
Current Liabilities	17,308	17,631	17,836
Provisions	505	515	525
Debt Funds	37,692	38,298	39,009
Other Liabilities	9,198	9,198	9,107
Equity Capital	391	391	391
Res. & Surplus	21,928	36,156	52,253
Shareholder Funds	22,319	36,547	52,644
Minority Interest	-	-	-
Total Liabilities	**87,022**	**102,189**	**119,121**
BVPS	57	93	135

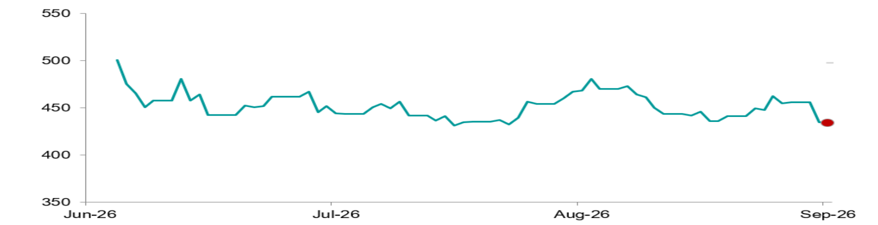
Cashflow

Y.E March (Rs. Cr)	FY26A	FY27E	FY28E
Net inc. + Depn.	-	**29,006**	**31,065**
Non-cash adj.	-	-1,428	-6,235
Other adjustments	-	-	-
Changes in W.C	-	-1,125	-404
C.F. Operation	**-**	**26,452**	**24,426**
Capital exp.	-	-6,073	-8,133
Change in inv.	-	-689	-827
Other invest.CF	-		
C.F - Investment	**-**	**-6,762**	**-8,960**
Issue of equity	-	-	-
Issue/repay debt	-	606	619
Dividends paid	-	-7,823	-8,215
Other finance.CF	-	-7,039	-6,917
C.F - Finance	**-**	**-14,256**	**-14,513**
Chg. in cash	-	5,434	954
Closing Cash	-	**7,176**	**8,130**

Ratio

Y.E March	FY26A	FY27E	FY28E
Profitab. & Return			
EBITDA margin (%)	37.6	45.9	46.2
EBIT margin (%)	33.3	41.0	41.4
Net profit mgn.(%)	18.3	25.1	26.3
ROE (%)	54.7	60.3	46.2
ROCE (%)	37.1	48.3	41.8
W.C & Liquidity			
Receivables (days)	13.2	13.5	13.8
Inventory (days)	76.3	76.5	76.8
Payables (days)	48.1	53.1	60.8
Current ratio (x)	0.1	-	-
Quick ratio (x)	0.3	0.4	0.3
Turnover &Leverage			
Gross asset T.O (x)	2.1	1.3	1.2
Total asset T.O (x)	1.5	0.9	0.8
Int. covge. ratio (x)	5.7	8.4	8.5
Adj. debt/equity (x)	17.3	11.0	7.0
Valuation			
EV/Sales (x)	3.1	2.4	2.2
EV/EBITDA (x)	8.3	5.1	4.9
P/E (x)	14.4	8.0	7.2
P/BV (x)	7.9	4.8	3.3

Recommendation Summary (Last 3 years)



Dates	Rating	Target
02-Sep-26	BUY	498

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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