

# Vedanta Limited

Sector: Metals &amp; Mining

18<sup>th</sup> August, 2025

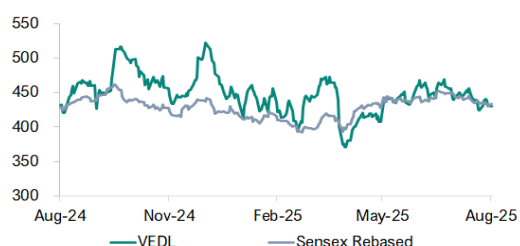
# BUY

Key Changes		Target		Rating		Earnings		Target	Rs. 485
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame			CMP	Rs. 430
Large Cap	VEDL:IN	80,598	VEDL	500295	12 Months			Return	+13%

Data as of: 14-08-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	168,227		
52 Week High — Low (Rs.)	527 - 362		
Enterprise Value (Rs. cr)	251,610		
Outstanding Shares (cr)	391.0		
Free Float (%)	43.3		
Dividend Yield (%)	8.3		
6m average volume (cr)	0.8		
Beta	1.6		
Face value (Rs.)	1.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	56.4	56.4	56.4
FII's	12.0	11.2	10.6
MFs/Institutions	15.5	16.4	16.5
Public	12.5	12.6	12.9
Others	3.6	3.4	3.6
Total	100.0	100.0	100.0
Promoter Encumbrance	99.99	99.99	99.99
Price Performance	3 Month	6 Month	1 Year
Absolute Return	5.4%	2.1%	0.3%
Absolute Sensex	1.4%	5.6%	1.1%
Relative Return	4.0%	-3.6%	-0.8%

\*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	150,725	160,844	172,501
Growth (%)	6.3	6.7	7.2
EBITDA	42,386	47,545	54,312
EBITDA Margin (%)	28.1	29.6	31.5
Adj. PAT	13,120	16,629	19,308
Growth (%)	813.6	26.7	16.1
Adj. EPS	33.6	42.5	49.4
Growth (%)	768.5	26.7	16.1
P/E	13.8	10.1	8.7
P/B	4.4	4.1	3.8
EV/EBITDA	6.2	5.3	4.8
ROE (%)	49.8	54.3	57.3
D/E	1.4	1.3	1.1

## Strong Domestic Demand Fuels Revenue Growth

**Vedanta Ltd, a subsidiary of Vedanta Resources Ltd, operates across multiple sectors including oil and gas, zinc, lead, silver, copper, iron ore, steel, aluminium, and power, with a presence in India and globally.**

- Revenue from operations rose 6.2% YoY to ₹37,434 cr in Q1FY26, driven by strong market premiums and forex gains, partially offset by lower commodity prices.
- Aluminium revenue increased 7.7% YoY to ₹14,556 cr, supported by a 17% YoY rise in domestic sales to 313 KT. Total production grew 1.5% YoY to 605 KT.
- Zinc and lead revenue (India business) declined 4.8% YoY to ₹6,116 cr, despite achieving the highest-ever quarterly mined metal production of 265 KT.
- Zinc international business revenue surged 52.7% YoY to ₹1,150 cr, driven by a 74% YoY increase in Gamsberg's production, supported by improved ore availability and mining ramp-up.
- EBITDA fell 0.3% YoY to ₹9,918 cr in Q1FY26, mainly due to a 20% YoY rise in material costs. Consequently, EBITDA margin contracted by 170 bps YoY to 26.5%.
- Reported PAT declined 12.5% YoY to ₹4,457 cr, primarily due to a sharp increase in tax expenses (up 92.1% YoY).

## Outlook & Valuation

Vedanta's financial performance was moderate in Q1FY26, characterised by commodity price volatility and changing global trade dynamics. Despite the macro headwinds, domestic demand was strong, helping support market premiums. Margins were strong across key businesses, driven by operational excellence and cost discipline. The company's commitment to deleveraging and improving its capital efficiency, along with a robust business model, strong governance framework and transparent disclosures, positions Vedanta well to address challenges and capitalise on opportunities in the industry. Hence, **we upgrade our rating on the stock to BUY with a revised target price of Rs. 485, based on 4.6x FY27E EV/EBITDA.**

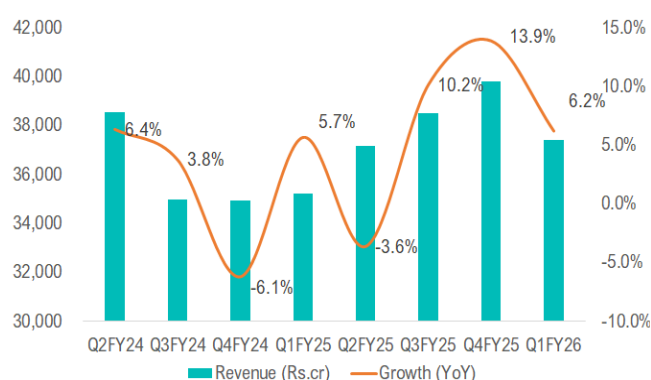
## Quarterly Financials Consolidated

Rs.cr	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Sales	37,434	35,239	6.2	39,789	-5.9
EBITDA	9,918	9,945	-0.3	11,466	-13.5
Margin (%)	26.5	28.2	-170bps	28.8	-230bps
EBIT	7,094	7,214	-1.7	8,478	-16.3
PBT	6,053	5,926	2.1	6,656	-9.1
Rep. PAT	4,457	5,095	-12.5	4,961	-10.2
Adj. PAT	3,185	3,606	-11.7	3,483	-8.6
Adj. FPS (Rs)	8.2	9.7	-16.2	8.9	-8.6

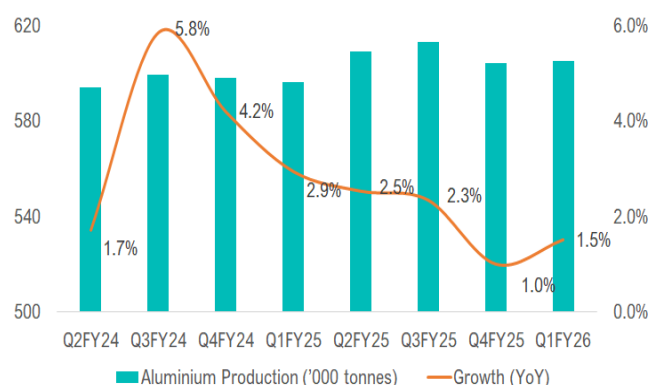
## Key concall highlights

- The Board of Hindustan Zinc, a Vedanta subsidiary, has approved Phase 1 of an expansion plan to add 250 KT of capacity, backed by a \$1.4 billion investment, as part of a broader strategy to reach 2 million metric tons of capacity.
- Vedanta's power business is set to add 1,300 Megawatts (MW) of new capacity in Q2FY26. In July, 350 MW at Meenakshi (Unit 3) and 600 MW at Athena (Unit 1) were commissioned. An additional 350 MW at Meenakshi (Unit 4) and 600 MW at Athena (Unit 2) are scheduled for commissioning in August and Q4FY26, respectively.
- The company's zinc and aluminium production has a strong domestic presence, with 75% of zinc and 65% of aluminium sold within India. International exposure remains limited, with only 3% of aluminium exports going to the US market.
- In alumina production, the company aims to exceed 3 million metric tons in FY26, having achieved 587,000 tons in Q1, demonstrating solid progress towards this goal.
- The Gamsberg Phase-2 project is 80% complete, with mechanical completion targeted for December. The expansion is expected to add 4 million tons of run-of-mine ore and nearly 200,000 tons of zinc in annually.
- For its oil and gas segment, the company has provided guidance of 95,000 to 100,000 barrels of oil equivalent per day for FY26.

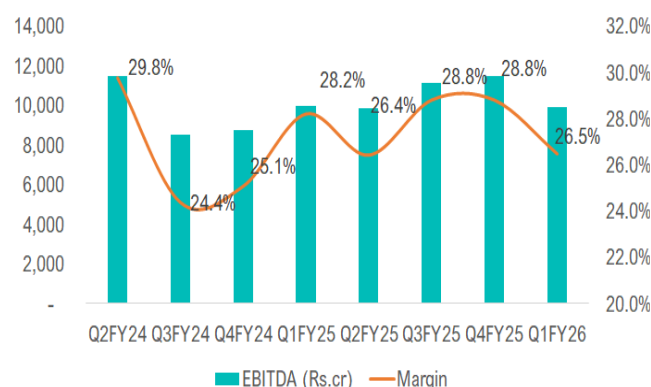
## Revenue



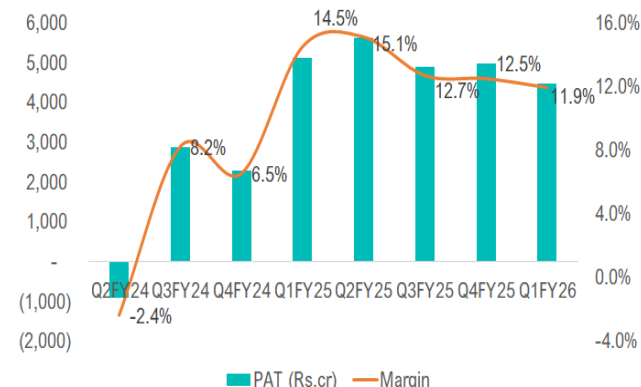
## Aluminium Production



## EBITDA



## PAT



## Change in Estimates

Year / Rs.cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	165,275	176,877	160,844	172,501	-2.7	-2.5
EBITDA	50,867	54,890	47,545	54,312	-6.5	-1.1
Margins (%)	30.8	31.0	29.6	31.5	-120bps	50bps
Adj. PAT	18,615	20,497	16,629	19,308	-10.7	-5.8
EPS	47.6	52.4	42.5	49.4	-10.7	-5.8



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>145,404</b>	<b>141,793</b>	<b>150,725</b>	<b>160,844</b>	<b>172,501</b>
% change	10.8	-2.5	6.3	6.7	7.2
<b>EBITDA</b>	<b>34,464</b>	<b>35,219</b>	<b>42,386</b>	<b>47,545</b>	<b>54,312</b>
% change	-23.5	2.2	20.3	12.2	14.2
Depreciation	10,597	10,744	11,139	12,042	13,985
<b>EBIT</b>	<b>23,867</b>	<b>24,475</b>	<b>31,247</b>	<b>35,503</b>	<b>40,327</b>
Interest	6,225	9,465	9,914	10,350	11,525
Other Income	2,634	5,353	5,543	4,410	5,072
<b>PBT</b>	<b>20,276</b>	<b>20,363</b>	<b>26,876</b>	<b>29,563</b>	<b>33,873</b>
% change	-38.9	0.4	32.0	10.0	14.6
Tax	5,770	12,826	6,342	7,391	8,468
Tax Rate (%)	28.5	63.0	23.6	25.0	25.0
<b>Reported PAT</b>	<b>14,506</b>	<b>7,537</b>	<b>20,534</b>	<b>22,173</b>	<b>25,405</b>
<b>PAT att. to common shareholder-</b>	<b>10,574</b>	<b>4,239</b>	<b>14,988</b>	<b>16,629</b>	<b>19,308</b>
Adj.*	217	-2,803	-1,868	-	-
<b>Adj. PAT</b>	<b>10,791</b>	<b>1,436</b>	<b>13,120</b>	<b>16,629</b>	<b>19,308</b>
% change	-45.5	-86.7	813.6	26.7	16.1
No. of shares (cr)	372.0	371.7	391.0	391.0	391.0
<b>Adj. EPS (Rs.)</b>	<b>29.0</b>	<b>3.9</b>	<b>33.6</b>	<b>42.5</b>	<b>49.4</b>
% change	-45.5	-86.7	768.5	26.7	16.1
DPS (Rs.)	101.5	29.5	43.5	40.4	46.9

### Cashflow

Y.E March (Rs.Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	25,103	18,281	31,673	34,215	39,390
Non-cash adj.	3,363	15,821	8,554	12,269	9,376
Other adjustments	-	-	-	-	-
Changes in W.C	4,599	1,552	-665	329	-202
<b>C.F. Operation</b>	<b>33,065</b>	<b>35,654</b>	<b>39,562</b>	<b>46,813</b>	<b>48,564</b>
Capital exp.	-13,654	-16,557	-16,714	-18,095	-19,406
Change in inv.	8,990	1,090	-4,689	-1,983	-2,286
Other invest.CF	3,971	1,781	2,213	-	-
<b>C.F - Investment</b>	<b>-693</b>	<b>-13,686</b>	<b>-19,190</b>	<b>-20,078</b>	<b>-21,692</b>
Issue of equity	-	-200	8,392	-	-
Issue/repay debt	12,736	4,815	1,368	1,300	1,235
Dividends paid	-41,149	-20,500	-21,191	-17,010	-15,798
Other finance.CF	-5,729	-10,207	-7,792	-10,350	-11,525
<b>C.F - Finance</b>	<b>-34,142</b>	<b>-26,092</b>	<b>-19,223</b>	<b>-26,061</b>	<b>-26,089</b>
Chg. in cash	-1,770	-4,124	1,149	675	783
<b>Closing Cash</b>	<b>9,254</b>	<b>4,327</b>	<b>7,840</b>	<b>8,515</b>	<b>9,298</b>

### Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	9,254	4,327	7,840	8,515	9,298
Accts. Receivable	4,014	3,607	3,636	3,860	3,968
Inventories	15,012	13,001	14,474	15,164	15,944
Other Cur. Assets	32,227	30,989	25,815	27,095	28,910
Investments	514	987	1,623	2,383	3,324
<b>Gross Fixed As-sets</b>	<b>269,077</b>	<b>281,781</b>	<b>295,887</b>	<b>313,982</b>	<b>333,388</b>
Net Fixed Assets	93,768	96,715	97,834	100,441	102,055
CWIP	17,001	20,331	30,939	34,033	37,436
Intangible Assets	4,504	4,806	5,028	5,380	5,783
Def. Tax -Net	7,074	2,689	3,353	3,326	3,387
Other Assets	12,009	13,355	12,751	13,338	13,870
<b>Total Assets</b>	<b>195,377</b>	<b>190,807</b>	<b>203,293</b>	<b>213,535</b>	<b>223,976</b>
Current Liabilities	64,039	57,059	51,673	55,108	57,042
Provisions	3,426	3,105	3,223	3,545	3,581
Debt Funds	66,628	72,235	74,614	75,914	77,148
Other Liabilities	11,857	16,339	20,030	20,053	17,683
Equity Capital	372	372	391	391	391
Res. & Surplus	39,051	30,350	40,821	40,440	43,950
<b>Shareholder Funds</b>	<b>39,423</b>	<b>30,722</b>	<b>41,212</b>	<b>40,831</b>	<b>44,341</b>
Minority Interest	10,004	11,347	12,541	18,084	24,181
<b>Total Liabilities</b>	<b>195,377</b>	<b>190,807</b>	<b>203,293</b>	<b>213,535</b>	<b>223,976</b>
<b>BVPS</b>	<b>106</b>	<b>83</b>	<b>105</b>	<b>104</b>	<b>113</b>

### Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	23.7	24.8	28.1	29.6	31.5
EBIT margin (%)	16.4	17.3	20.7	22.1	23.4
Net profit mgn.(%)	7.3	3.0	9.9	10.3	11.2
ROE (%)	36.8	24.5	49.8	54.3	57.3
ROCE (%)	20.6	21.4	24.3	26.3	27.7
<b>W.C &amp; Liquidity</b>					
Receivables (days)	9.9	9.2	8.7	8.6	8.3
Inventory (days)	72.0	68.9	72.8	72.5	72.4
Payables (days)	52.9	53.5	51.2	54.7	55.1
Current ratio (x)	0.7	0.7	0.7	0.7	0.7
Quick ratio (x)	0.3	0.2	0.3	0.3	0.4
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	0.6	0.5	0.5	0.5	0.5
Total asset T.O (x)	0.7	0.7	0.8	0.8	0.8
Int. covge. ratio (x)	3.8	2.6	3.2	3.4	3.5
Adj. debt/equity (x)	1.3	1.7	1.4	1.3	1.1
<b>Valuation</b>					
EV/Sales (x)	1.2	1.2	1.7	1.6	1.5
EV/EBITDA (x)	4.9	5.0	6.2	5.3	4.8
P/E (x)	9.5	66.5	13.8	10.1	8.7
P/B (x)	2.6	3.1	4.4	4.1	3.8



## Recommendation Summary - (last 3 years)



Dates	Rating	Target
05-May-22	BUY	468
05-Aug-22	HOLD	267
23-May-23	BUY	308
21-Nov-23	REDUCE	220
10-May-24	HOLD	421
21-Aug-24	BUY	510
20-Mar-25	HOLD	496
18-Aug-25	BUY	485

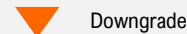
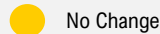
## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
<b>Buy</b>	Upside is above 10%	Upside is above 15%	Upside is above 20%
<b>Accumulate</b>	-	Upside is between 10%-15%	Upside is between 10%-20%
<b>Hold</b>	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
<b>Reduce/sell</b>	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:



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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