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Bloomberg	VEDL IN
Equity Shares (m)	3717
M.Cap.(INRb)/(USDb)	1034.5 / 12.6
52-Week Range (INR)	341 / 236
1, 6, 12 Rel. Per (%)	-6/-25/-10
12M Avg Val (INR M)	3311
Free float (%)	31.9

## Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	1,473	1,378	1,457
EBITDA	344.2	311.0	352.5
EBITDA margin	23.4	22.6	24.2
Attr. APAT	107.9	94.2	115.0
Adj. EPS (INR)	29.0	25.3	30.9
EPS Gr (%)	-44.9	-12.7	22.2
BV/Sh. (INR)	106.0	94.4	102.9

## Ratios

Net D:E	1.1	1.5	1.3
RoE (%)	20.6	25.3	31.3
RoCE (%)	21.5	20.6	22.8
Payout (%)	349.9	127.9	72.3

## Valuations

P/E (x)	9.6	11.0	9.0
P/BV	2.6	2.9	2.7
EV/EBITDA (x)	5.3	6.4	5.7
Div. Yield (%)	36.5	11.6	8.0
FCF Yield (%)	18.6	10.0	15.8

## Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	68.1	68.1	69.7
DII	10.1	10.3	11.6
FII	7.6	8.0	8.9
Others	14.3	13.6	9.8

FII Includes depository receipts

**CMP: INR278 TP: INR280 (+1%) Neutral**

## Revenue in line; marginal miss on EBITDA

- Vedanta (VEDL)'s consolidated net sales stood at INR337b (down 12% YoY), in line with our estimate of INR334b. Revenue was adversely impacted by the reduction in commodity prices and lower volumes, which was partially offset by higher premiums and favorable exchange rate movement.
- VEDL's consolidated EBITDA stood at INR64b (down 37% YoY), 6% miss to our estimate of INR68b. The aluminum vertical was down 19% YoY to INR18b; HZL was down 35% QoQ to INR33b and the oil and gas vertical was down 45% YoY to INR11b. All the verticals (except copper) were profitable during the quarter.
- VEDL's APAT stood at INR9b (down 81% YoY) against our estimate of INR16b. The miss was led by higher finance cost, lower other income, and higher normalized effective tax rate.
- LME prices across the non-ferrous portfolio were down QoQ. Zinc/Lead/Copper/Aluminum prices were down 19%/1%/5%/6% on a QoQ basis, whereas silver was up 7% QoQ.
- VEDL's net debt stood at ~INR592b and net debt/EBITDA stood at 1.88x in 1QFY24 as against 1.28x as on Mar'23. VEDL paid out INR18.5 as the first interim dividend for FY24.

## Highlights from the management commentary

- VEDL is planning to set up a semiconductor and display glass production facility at Dholera (Gujarat). The company is currently seeking the necessary approvals for the project. Once operationalized, VEDL would augment its product portfolio from being a metals and mining company to a technology company.
- VEDL is expanding its alumina capacity to 5mt from 2mt and smelting capacity to 2.8mt from 2.3mt.
- Alumina CoP is expected to reduce by USD50/t in 2QFY24.
- VEDL has recently acquired the Cudnem iron ore block in Goa, which is expected to bolster its Reserves and Resources (R&R) by 8.3mt
- VEDL is also in the process of enhancing its captive coal capacity by establishing the Radhikapur block, with a Planned Rated Capacity (PRC) of 6mt. The production from this block is expected to commence from 1QFY25.
- Zinc India (HZ) has maintained its mined metal production target of 1,075-1,100kt, refined metal production target of 1,050-1,075kt, and a saleable silver target of 725-750t.

## Valuation and view

- Globally, the commodities market is facing multiple headwinds such as inflationary pressure, monsoon-led seasonal slowdown, muted demand pick-up from China, and a slowdown in the Chinese real estate sector.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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■ We have largely retained our FY25 EBITDA and APAT forecasts. **We reiterate our Neutral rating on VEDL with an SoTP-based TP of INR280.** At CMP of INR278, the stock is trading at FY25E EV/EBITDA of 5.7x and FY25E P/B multiple of 2.7x.

## Quarterly Performance (Consolidated)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Vs. Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	%
<b>Net Sales</b>	<b>386</b>	<b>367</b>	<b>341</b>	<b>379</b>	<b>337</b>	<b>334</b>	<b>352</b>	<b>355</b>	<b>1,473</b>	<b>1,378</b>	<b>334</b>	1
Change (YoY %)	35.9	20.6	0.0	-4.8	-12.7	-8.9	3.2	-6.4	11.0	-6.4		
Change (QoQ %)	-3.0	-5.1	-7.0	11.2	-11.1	-1.0	5.4	0.9				
Total Expenditure	284	290	270	285	273	259	269	266	1,129	1,067	265	3
<b>EBITDA</b>	<b>102.0</b>	<b>77.0</b>	<b>70.7</b>	<b>94.6</b>	<b>64.2</b>	<b>75</b>	<b>83</b>	<b>89</b>	<b>344.2</b>	<b>311</b>	<b>68</b>	(6)
Change (YoY %)	1.8	-25.7	-34.6	-30.6	-37.0	-2.1	17.0	-6.2	-23.2	-9.7		
Change (QoQ %)	-25.2	-24.5	-8.2	33.8	-32.1	17.4	9.8	7.3				
As % of Net Sales	26.4	21.0	20.7	24.9	19.0	22.6	23.5	25.0	23.4	22.6		
Finance cost	12	16	16	18	21	17	17	12	62	67	17	
DD&A	25	26	27	28	26	27	27	28	106	106	28	
Other Income	7	7	7	7	5	7	7	8	29	28	7	
<b>PBT (before EO item)</b>	<b>73</b>	<b>41</b>	<b>35</b>	<b>56</b>	<b>23</b>	<b>39</b>	<b>46</b>	<b>57</b>	<b>205</b>	<b>166</b>	<b>31</b>	(26)
EO exp. (income)	0	-2	-9	13	-18	0	0	0	2	-18		
<b>PBT (after EO item)</b>	<b>73</b>	<b>44</b>	<b>44</b>	<b>43</b>	<b>41</b>	<b>39</b>	<b>46</b>	<b>57</b>	<b>203</b>	<b>183</b>	<b>31</b>	
Total Tax	16.7	16.7	13.0	11.3	7.8	10	12	14	57.7	44		
% Tax	23.0	38.4	29.6	26.4	19.0	25.2	25.2	25.2	28.5	23.8		
<b>Reported PAT</b>	<b>56</b>	<b>27</b>	<b>31</b>	<b>31</b>	<b>33</b>	<b>29</b>	<b>35</b>	<b>43</b>	<b>145</b>	<b>140</b>	<b>23</b>	
Profit from Asso.	0.0	0.0	0.0	0.0	0.0	0	0	0	0.0	0		
Minority interest	11.7	8.8	6.3	12.5	6.7	7	7	7	39.3	28		
<b>APAT</b>	<b>44</b>	<b>16</b>	<b>16</b>	<b>32</b>	<b>9</b>	<b>22</b>	<b>28</b>	<b>36</b>	<b>108</b>	<b>94</b>	<b>16</b>	(47)
Change (YoY %)	-1.3	-66.2	-63.4	-47.8	-80.5	41.3	77.7	10.6	-44.9	-12.7		
Change (QoQ %)	-28.3	-64.4	-0.8	106.1	-73.3	158.6	24.7	28.3				

Sources: MOFSL, Company

## Exhibit 1: Business-wise EBITDA (INR b)

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Vs. Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	%
<b>EBITDA</b>	<b>102</b>	<b>77.0</b>	<b>70.7</b>	<b>94.6</b>	<b>64</b>	<b>75</b>	<b>83</b>	<b>89</b>	<b>344</b>	<b>311</b>	<b>68</b>	(6)
Copper	-0.1	0.2	-0.6	0.5	0	0	0	0	0.0	1	0	
Aluminum	22.5	7.6	9.6	18.6	18	19	18	18	58.4	74	16	
Iron ore	3.6	2.1	0.5	3.6	2	1	1	1	9.9	5	2	
Power	0.8	1.4	2.7	3.6	3	3	3	3	8.5	12	2	
Zinc-India	51.4	44.1	37.1	42.6	33	38	44	45	175.1	160	33	
Zinc-Int	5.9	5.9	3.1	4.4	3	3	3	3	19.3	12	3	
Oil & Gas	20.8	20.2	20.0	16.8	11	12	13	13	77.8	50	12	
Steel	0.9	-0.1	-0.7	3.0	0	0	0	0	3.2	1	1	
Others	-3.9	-4.4	-1.2	1.5	-6	-1	-1	5	-7.9	-2	(1)	
Change (YoY %)	1.8	-25.7	-34.6	-30.6	-37.0	-2.1	17.0	-6.2	-23.2	-9.7		
Change (QoQ %)	-25.2	-24.5	-8.2	33.8	-32.1	17.4	9.8	7.3				
As % of Net Sales	26.4	21.0	20.7	24.9	19.0	22.6	23.5	25.0	23.4	22.6		

Sources: Company, MOFSL



## Conference call takeaways

### Aluminum CoP and capex:

- Aluminum CoP stood at USD1,932/t (down USD127/t QoQ and USD721/t YoY), which is expected to reduce further in 2QFY24 with: a) lower alumina costing, b) higher operational and buying efficiencies, and c) better volumes.
- VEDL is undertaking multiple expansions to enhance the alumina and aluminum capacities over the next two years, which will augment the alumina capacity to 5mt and smelting capacity to 2.8mt.
- To meet the bauxite requirement, VEDL has recently acquired Sijimalli bauxite mines with proven reserves of ~311mt, which is expected to commence production from 3QFY25.
- VEDL is also strengthening its captive coal requirement and has acquired Kurloi (N), Radhikapur, and Ghogharpalli blocks with PRC of 8mt, 6mt, and 20mt, respectively. All these mines are expected to commence production between two and eight quarters.
- The power requirement at the smelters, including the additional capacity, will be met through captive coal mines.
- The first phase, Train-I, with a capacity of 1.5mt at Lanjigarh, is expected to be operational in 3QFY24. Following that, Train-II, an additional 1.5mt capacity, is projected to be operational by the end of FY24.
- Post expansion, it will take the VAP portfolio of VEDL Aluminum to 90% from 60%.
- Alumina cost was higher in 1QFY24 due to increased utilization of imported bauxite and supply disruptions from OMC. However, with the situation normalizing, the cost is expected to reduce by USD50/t in 2QFY24.

### Zinc India (HZ) Guidance:

- The management has maintained its zinc CoP guidance at USD1,125-1,175/t for FY24 (with focus on lower end of the band) after a cost reduction of USD20/t in 1QFY24.
- HZ targets to clock mined metal production in the range of 1,075-1,100kt and refined metal production in the range of 1,050-1,075kt. The management expects to report saleable silver production in the range of 725-750kt.
- The company expects robust demand for silver, driven by increased demand from industrial manufacturers, higher usage in EVs, and its growing application in RE sectors, among other factors.

### Foray in semiconductor and display glass vertical

- VEDL's foray into the semiconductor and display glass vertical marks a significant transition for the company, evolving it from a pure metal and mining enterprise into a technology-focused company.
- VEDL is planning to set up a first integrated chip facility at Dholera (Gujarat) and is awaiting the government's approval.
- VEDL is set to benefit from the government's PLI scheme, which will provide subsidies covering 50% of its capital expense from the central government and an additional 20% from Gujarat state government.

**Asset monetization**

- VEDL is contemplating multiple options to monetize various assets such as ESL, iron ore blocks at Karnataka, Odisha and Liberia, Pig iron facility at Goa and coke facilities at Gujarat.
- VEDL has roped in financial consultants and plans to either divest completely or a part of these assets and monetize the same.

**Net zero conglomerate by 2050**

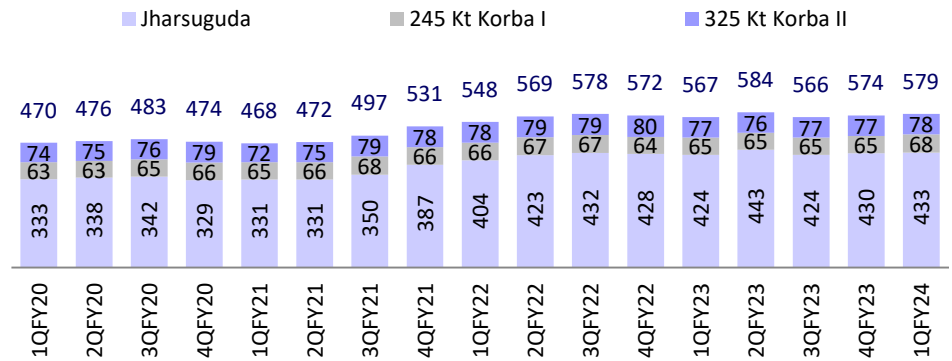
- Since FY21, VEDL has experienced a substantial increase in its usage of RE, quadrupling its renewable energy utilization. At present, the company has agreements in place for a total capacity of 838mw of renewable energy.
- The company has already signed PDA of 1,826mw in Jun'23.
- VEDL aims to reduce its carbon footprint by 25% by FY30 and aims to utilize 2.5gw of RE power across the group by FY20.
- VEDL aims to be a carbon neutral entity by FY50 and have a PDA of 4gw.

**Debt and cash balance:**

- Net debt stood at INR592b and cash and cash equivalent stood at INR143b.
- VEDL's Net debt/EBITDA stood at 1.88x (up from 1.3x in Mar'23).
- The average maturity of debt has been three years and the average RoI, which debt carries, stands at ~8.7%.

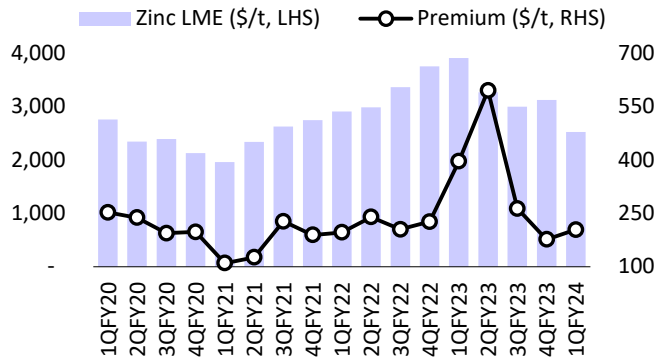
## Story in charts

**Exhibit 2: Aluminum production (kt) improved QoQ at 579kt**



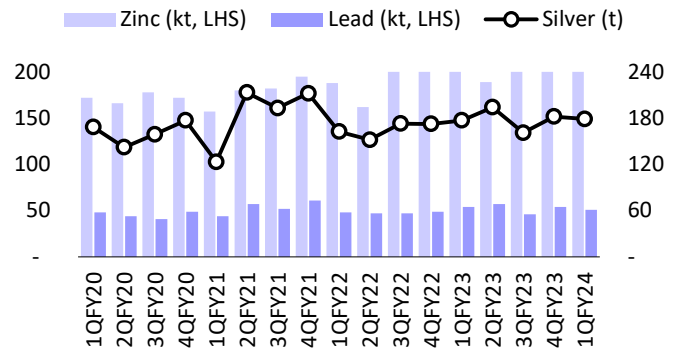
Sources: Company, MOFSL

**Exhibit 3: Zinc LME vs Premium (USD/t) – premium stood at USD204/t**



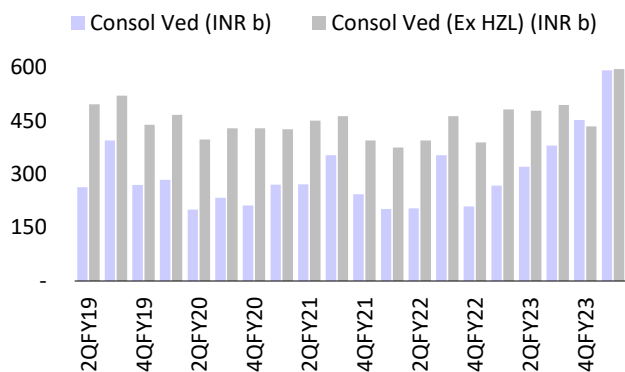
Sources: Company, MOFSL

**Exhibit 4: Zinc India volumes (kt) – zinc, lead, and silver volumes**



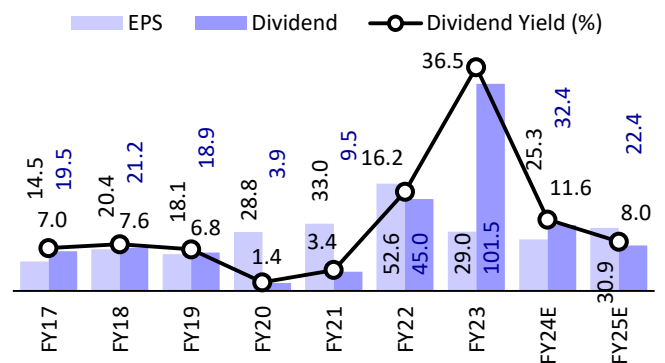
Sources: Company, MOFSL

**Exhibit 5: Net debt at Vedanta Consol and ex-HZL (INR b) – incremental increase in debt was due to debt at THLZV**

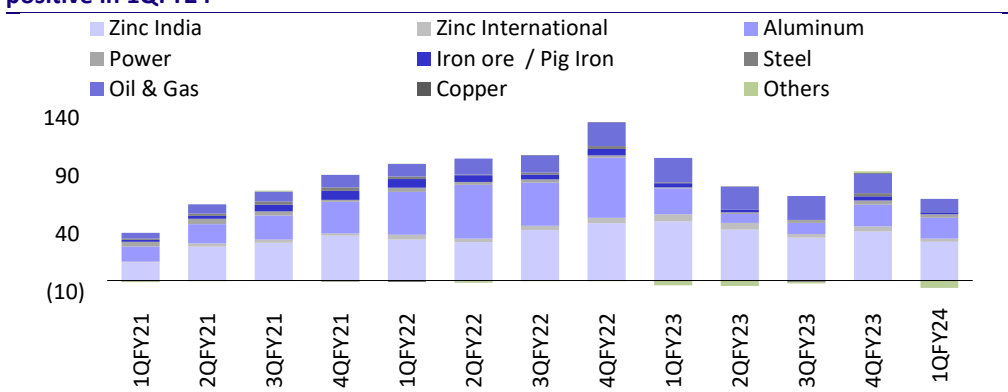


Sources: Company, MOFSL

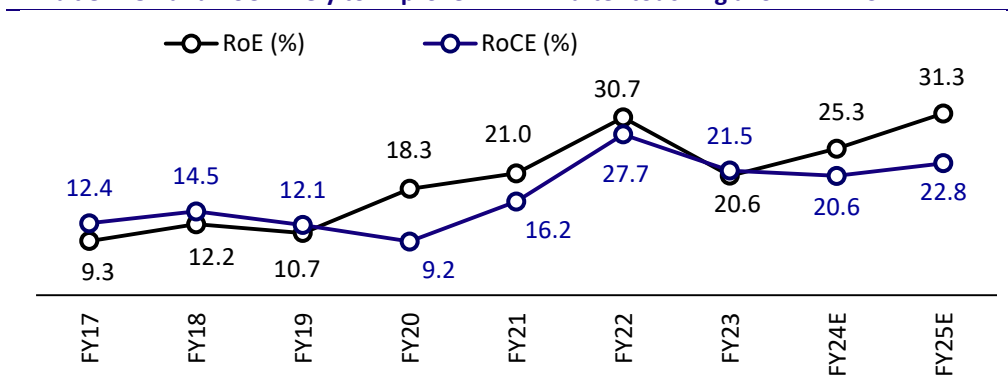
**Exhibit 6: Dividend per share – Board declared its first interim dividend of INR18.5 in 1QFY24**



Sources: Company, MOFSL

**Exhibit 7: EBITDA breakdown by division (INR b) – Except Copper all other verticals were positive in 1QFY24**

Sources: Company, MOFSL

**Exhibit 8: ROE and RoCE likely to improve in FY24E after touching a low in FY23**

Sources: Company, MOFSL

**Exhibit 9: Entity-wise debt and cash movements (INR b)**

Entity wise Debt	UoM	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
<b>Gross Debt</b>									
Vedanta Limited	INR b	305	338	367	452	453	452	420	443
Cairn India Holdings Ltd	"	28	28	16	16	10	9	27	26
Zinc India	"	46	100	28	28	21	51	118	93
Zinc International	"	1	3	0	-	-	-	-	-
BALCO	"	20	36	11	10	10	11	11	11
TSPL	"	73	74	70	70	69	69	64	64
ESL	"	-	-	27	26	25	24	23	23
Vedanta Star	"	-	-	-	-	-	-	-	-
Others	"	38	44	11	10	-2	-1	-1	75
<b>Consolidated Vedanta</b>	<b>INR b</b>	<b>510</b>	<b>624</b>	<b>531</b>	<b>611</b>	<b>586</b>	<b>616</b>	<b>662</b>	<b>735</b>
<b>Cash and LI</b>									
Vedanta Limited	INRb	17	30	71	49	40	34	74	14
Cairn India Holdings Ltd	"	21	11	14	29	20	14	16	13
Zinc India	"	237	211	208	243	178	165	101	97
Zinc International	"	5	4	6	8	13	11	7	8
BALCO	"	16	7	7	4	4	4	5	5
TSPL	"	4	1	1	0	1	1	1	1
ESL	"	-	-	-	3	4	2	3	2
Vedanta Star	"	-	-	9	-	-	-	-	-
Others	"	7	7	6	8	5	5	4	3
<b>Consolidated Vedanta</b>	<b>INR b</b>	<b>307</b>	<b>271</b>	<b>321</b>	<b>343</b>	<b>265</b>	<b>235</b>	<b>209</b>	<b>143</b>
<b>Net Debt</b>									
Vedanta Limited	INR b	288	308	296	403	413	419	347	429
Cairn India Holdings Ltd	"	7	17	2	-13	-10	-6	11	13
Zinc India	"	-191	-110	-180	-214	-157	-114	18	-4
Zinc International	"	-3	-1	-6	-8	-13	-11	-7	-8
BALCO	"	3	29	4	7	6	7	7	6
TSPL	"	69	73	69	69	67	69	63	64
ESL	"	-	-	27	23	21	22	20	21
Vedanta Star	"	-	-	-9	-	-	-	-	-
Others	"	31	38	5	2	-7	-6	-5	72
<b>Consol Ved (INR b)</b>	<b>INR b</b>	<b>204</b>	<b>354</b>	<b>210</b>	<b>268</b>	<b>321</b>	<b>381</b>	<b>453</b>	<b>592</b>
<b>Consol Ved (Ex HZL) (INR b)</b>	<b>INR b</b>	<b>395</b>	<b>464</b>	<b>389</b>	<b>482</b>	<b>478</b>	<b>495</b>	<b>435</b>	<b>596</b>

Sources: Company MOFSL

**Exhibit 10: Aluminum business summary – INR m**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Revenue</b>	<b>1,46,440</b>	<b>1,34,860</b>	<b>1,18,770</b>	<b>1,23,960</b>	<b>1,19,050</b>	<b>1,21,042</b>	<b>1,24,282</b>	<b>1,24,282</b>	<b>5,24,030</b>	<b>4,88,656</b>
Production (kt) ex trial	567	584	566	574	579	575	575	575	2,291	2,304
Jharsuguda	424	443	424	430	433	435	435	435	1,721	1,738
Balco	143	141	142	144	146	140	140	140	570	566
Sales (kt) incl. trial	556	584	561	574	579	575	575	575	2,275	2,304
NSR (USD/t)	3,341	2,898	2,555	2,627	2,501	2,561	2,561	2,561	2,847	2,546
<b>EBITDA</b>	<b>22,510</b>	<b>7,610</b>	<b>9,640</b>	<b>18,610</b>	<b>18,170</b>	<b>18,908</b>	<b>18,496</b>	<b>17,945</b>	<b>58,370</b>	<b>73,519</b>

Sources: Company, MOFSL

**Exhibit 11: Oil & Gas – INR m**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross volumes - kbpd	148	140	145	137	135	134	134	134	142	134
Rajasthan	127.8	120.8	118.3	112.5	111.9	111.7	111.5	111.2	119.9	111.6
Ravva	11.0	10.0	13.1	13.2	11.7	11.6	11.6	11.6	11.8	11.6
Cambay	9.2	9.7	13.3	10.9	11.0	11.0	11.0	10.9	10.8	11.0
Working interest - kbpd	96.2	91.2	91.6	86.9	86.0	85.7	85.6	85.7	91.5	85.8
Raj. realn. - USD/bbl	63.1	65.8	76.3	71.8	67.7	67.3	67.3	67.2	69.3	67.4
Revenue - INR m	40,830	38,690	38,100	32,760	28,570	29,518	31,085	30,814	1,50,380	1,19,987
EBITDA - INR m	20,810	20,180	20,040	16,790	11,450	12,023	13,277	13,165	77,820	49,915

Sources: Company, MOFSL

**Exhibit 12: Iron Ore – INR m**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Qty ('000 dmt)	1,260	1,300	1,400	1,700	1,100	1,250	1,400	1,500	5,660	5,250
Pig iron	103	121	200	200	213	213	213	213	624	852
Net Sales	13,670	15,060	14,110	22,190	20,380	13,901	14,701	15,051	65,030	64,033
EBITDA	3,630	2,130	540	3,580	1,640	1,119	1,183	1,211	9,880	5,153

Sources: Company, MOFSL

**Exhibit 13: Power – INR m**

	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY23	FY24E
Sales (m kwh)	3,577	3,615	3,615	4,026	4,265	4,252	4,252	4,252	14,833	17,021
Revenue	16,930	18,440	16,930	18,940	15,880	15,853	15,852	15,852	71,240	63,438
EBITDA	810	1,410	2,710	3,580	2,870	2,879	2,878	2,878	8,510	11,506

Sources: Company, MOFSL

**Exhibit 14: Operational Performance – Zinc India (INR b)**

Y/E March	FY23				FY24E				FY23	FY24E	FY24E	Vs. Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1Q	%
Mine prodn. (kt)	252	255	257	301	257	269	278	282	1,062	1,086		
<b>Sales</b>												
Zinc refined (kt)	206	189	210	216	208	211	213	217	821	849		
Lead refined (kt)	54	57	46	54	50	53	55	56	211	214		
Silver (tonnes)	177	194	161	182	179	180	185	188	714	732		
<b>Net Sales</b>	<b>94</b>	<b>83</b>	<b>79</b>	<b>85</b>	<b>73</b>	<b>78</b>	<b>89</b>	<b>91</b>	<b>341</b>	<b>331</b>	74	(1)
Change (YoY %)	43.7	36.2	-1.6	-3.3	-22.4	-6.2	13.1	6.7	15.8	-3.0		
Change (QoQ %)	6.7	-11.2	-5.6	8.2	-14.4	7.4	13.8	2.0				
<b>EBITDA</b>	<b>51</b>	<b>44</b>	<b>37</b>	<b>43</b>	<b>33</b>	<b>38</b>	<b>44</b>	<b>45</b>	<b>175</b>	<b>160</b>	33	1
Change (YoY %)	44.4	32.1	-15.2	-14.2	-34.8	-14.9	18.6	5.2	7.9	-8.8		
Change (QoQ %)	3.5	-14.2	-15.9	14.8	-21.3	12.1	17.2	1.8				
As % of Net Sales	54.7	52.9	47.1	50.0	46.0	48.0	49.4	49.3	51.3	48.3		
Finance cost	0	1	1	2	2	2	2	2	3	9	1	
DD&A	7	8	8	9	8	9	9	9	33	34	9	
Other Income	3	4	3	4	3	2	2	2	14	9	2	
<b>PBT (before EO item)</b>	<b>47</b>	<b>39</b>	<b>32</b>	<b>35</b>	<b>26</b>	<b>29</b>	<b>35</b>	<b>36</b>	<b>153</b>	<b>126</b>	26	
EO exp. (income)	0	0	0	0	0	0	0	0	0	0		
<b>PBT</b>	<b>47</b>	<b>39</b>	<b>32</b>	<b>35</b>	<b>26</b>	<b>29</b>	<b>35</b>	<b>36</b>	<b>153</b>	<b>126</b>	26	
Total Tax	16	12	10	9	6	7	9	9	48	32		
% Tax	33.8	31.7	32.3	26.3	24.8	25.2	25.2	25.2	31.2	25.1		
<b>Reported PAT</b>	<b>31</b>	<b>27</b>	<b>22</b>	<b>26</b>	<b>20</b>	<b>22</b>	<b>26</b>	<b>27</b>	<b>105</b>	<b>94</b>	19	2
<b>Adjusted PAT</b>	<b>31</b>	<b>27</b>	<b>22</b>	<b>26</b>	<b>20</b>	<b>22</b>	<b>26</b>	<b>27</b>	<b>105</b>	<b>94</b>	19	2
Change (YoY %)	55.9	32.9	-20.2	-11.8	-36.5	-19.2	22.8	3.1	9.2	-10.2		
Change (QoQ %)	5.6	-13.3	-19.6	19.8	-24.0	10.3	22.3	0.6				

Source: Company, MOFSL

**Exhibit 15: Changes to our assumptions and key financials**

Units		FY24E			FY25E		
		New	Old	% change	New	Old	% change
<b>Prices</b>							
Copper	\$/t	8,294	8,294	0%	9,100	9,100	0
Aluminum	"	2,357	2,365	0%	2,450	2,450	0
Alumina	"	294	295	0%	294	295	0
Zinc	"	2,935	2,935	0%	3,216	3,216	0
Lead	"	2,017	2,015	0%	2,000	2,000	0
Silver	Rs/kg	67,997	68,338	0%	64,174	64,174	0
Iron ore	\$/t	105	105	0%	100	100	0
Brent	\$/bbl	78.5	78.5	0%	79.3	79.3	0
USD/INR		83.3	83.3	0%	83.3	83.3	0
<b>Sales volume</b>							
Copper	kt	152	152	0%	152	152	0
Aluminum Division	"	2,304	2,303	0%	2,301	2,303	0
Hindustan Zinc							
- Zinc	"	849	849	0%	867	867	0
- Lead	"	214	215	-1%	215	215	0
- Silver	tonnes	732	729	0%	730	730	0
Zinc International	kt	270	270	0%	270	270	0
Steel	kt	1,315	1,315	0%	1,950	1,950	0
Oil	Kboepd	134	136	-1%	129	129	0
<b>EBITDA/t</b>							
- Hindustan Zinc	\$/t	1,804	1,766	2%	2,147	2,102	2
- Aluminum	"	383	374	3%	462	458	1
<b>Change in consolidated Financials</b>							
Revenue	Rs bn	1,378	1,397	-1%	1,457	1,448	1
EBITDA	"	311	317	-2%	352	357	-1
Adj PAT	"	94	97	-3%	115	118	-3
EPS	Rs/sh	25.3	26.2	-3%	30.9	31.8	-3

Source: Company, MOFSL

**Exhibit 16: SoTP valuation**

(INR b)	EBITDA FY24E	EV EBITDA (x)	EV FY24E	Per Share
<b>VEDL (ex HZL)</b>				
Copper	1	6	6	2
Aluminum	88	6	487	131
Iron ore	5	6	28	8
Steel	7	6	37	10
Power	13	6	73	20
Zinc-Int	21	6	113	30
Oil & Gas	26	6	140	38
Sub. Tot.	161	6	885	238
Less: Net Debt			479	129
<b>Equity Value</b>			<b>406</b>	<b>109</b>
<b>Hind. Zinc</b>				
HZL	193	6.0	1,161	312
Add: Net Cash			142	38
<b>Equity Value</b>			<b>1,303</b>	<b>350</b>
<b>INR/share (HZL)</b>			<b>300</b>	
<b>VEDL</b>			<b>INR b</b>	<b>INR/sh</b>
<a href="#">HZL@64.9% (25% Hold Co. discount)</a>			634	171
VEDL (ex HZL)			406	109
<b>Equity value</b>			<b>1,041</b>	
Shares outstanding (b)			3.7	
<b>Target price (INR/sh)</b>			<b>280</b>	

Exhibit 17: P/B ratio is above +1SD

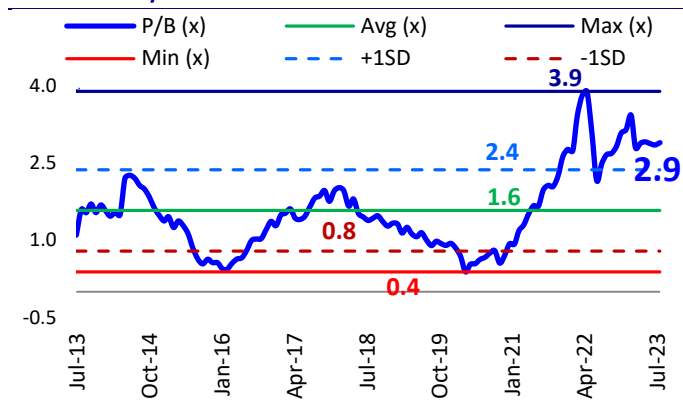


Exhibit 18: ...however, EV/EBITDA is lower than +1SD

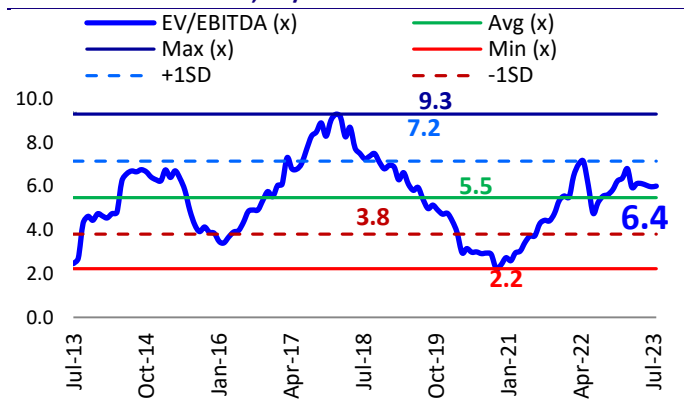


Exhibit 19: Global comparable valuation

Company	M-Cap USD m	P/E (x)			EV/EBITDA (x)			P/B (x)			RoE (%)		
		CY21/ FY22	CY22/ FY23	CY23/ FY24	CY21/ FY22	CY22/ FY23	CY23/ FY24	CY21/ FY22	CY22/ FY23	CY23/ FY24	CY21/ FY22	CY22/ FY23	CY23/ FY24
<b>Vedanta*</b>	<b>12,783</b>	<b>5.3</b>	<b>9.6</b>	<b>11.0</b>	<b>3.5</b>	<b>5.3</b>	<b>6.4</b>	<b>1.6</b>	<b>2.6</b>	<b>2.9</b>	<b>30.7</b>	<b>20.6</b>	<b>25.3</b>
BHP	1,54,450	7.3	11.0	12.2	3.9	5.7	5.9	3.0	3.5	3.2	41.2	31.5	27.0
Rio	1,12,759	7.7	9.6	9.7	4.3	5.3	5.1	2.1	2.0	1.8	27.1	20.8	18.6
Glencore	75,410	4.2	8.9	10.3	2.8	4.4	4.2	1.6	1.6	1.5	43.0	16.0	15.5
Anglo	37,560	6.3	9.9	9.4	3.6	4.3	4.3	1.3	1.3	1.2	22.5	13.9	13.4
South 32	11,750	4.8	10.4	9.8	2.5	4.3	4.2	1.2	1.1	1.0	26.2	10.7	11.5

Sources: MOFSL, Bloomberg. (\*) denotes MOFSL estimates

## Financials and valuations

### Income Statement (Consolidated)

INR b

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Sales</b>	<b>722</b>	<b>919</b>	<b>920</b>	<b>844</b>	<b>880</b>	<b>1,327</b>	<b>1,473</b>	<b>1,378</b>	<b>1,457</b>
Total Expenses	509	667	689	638	607	879	1,129	1,067	1,105
<b>EBITDA</b>	<b>213</b>	<b>252</b>	<b>231</b>	<b>207</b>	<b>273</b>	<b>448</b>	<b>344</b>	<b>311</b>	<b>352</b>
<b>EBITDA attribute</b>	<b>176</b>	<b>203</b>	<b>189</b>	<b>173</b>	<b>219</b>	<b>368</b>	<b>277</b>	<b>246</b>	<b>275</b>
DDA	63	63	82	91	76	89	106	106	112
<b>EBIT</b>	<b>150</b>	<b>189</b>	<b>149</b>	<b>116</b>	<b>197</b>	<b>359</b>	<b>239</b>	<b>205</b>	<b>241</b>
Finance cost	59	58	57	50	52	48	62	67	60
Other income	46	36	40	25	34	26	29	28	22
<b>PBT</b>	<b>138</b>	<b>167</b>	<b>132</b>	<b>91</b>	<b>179</b>	<b>337</b>	<b>205</b>	<b>166</b>	<b>203</b>
Tax	38	57	39	-35	22	93	58	44	51
Rate (%)	27.4	34.4	29.2	-38.5	12.2	27.4	28.2	26.4	25.2
<b>PAT</b>	<b>100</b>	<b>109</b>	<b>94</b>	<b>126</b>	<b>157</b>	<b>245</b>	<b>147</b>	<b>122</b>	<b>152</b>
EO expense /Income	-1	8	3	-170	-7	-8	-2	-18	0
<b>PAT (after EO)</b>	<b>99</b>	<b>118</b>	<b>97</b>	<b>-43</b>	<b>150</b>	<b>237</b>	<b>145</b>	<b>140</b>	<b>152</b>
<b>Attrib. PAT (after MI &amp; asso)</b>	<b>54</b>	<b>76</b>	<b>67</b>	<b>107</b>	<b>123</b>	<b>196</b>	<b>108</b>	<b>94</b>	<b>115</b>
Change (YoY %)	-74.9	40.4	-11.0	59.0	14.5	59.4	-44.9	-12.7	22.2

### Balance Sheet (Consolidated)

INR b

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	4	4	4	4	4	4	4	4	4
Reserves	601	631	619	543	619	650	391	347	379
<b>Net Worth</b>	<b>605</b>	<b>635</b>	<b>623</b>	<b>546</b>	<b>623</b>	<b>654</b>	<b>394</b>	<b>351</b>	<b>383</b>
Total Loans	906	725	835	757	686	534	665	672	662
Deferred Tax Liability	-54	-9	10	-40	-36	-7	-26	-26	-26
<b>Capital Employed</b>	<b>1,597</b>	<b>1,511</b>	<b>1,621</b>	<b>1,435</b>	<b>1,423</b>	<b>1,355</b>	<b>1,133</b>	<b>1,125</b>	<b>1,183</b>
Gross Block	1,641	1,810	2,176	2,182	2,281	2,392	2,525	2,648	2,734
Less: Accum. Deprn.	775	848	1,185	1,276	1,352	1,441	1,547	1,653	1,765
<b>Net Fixed Assets</b>	<b>866</b>	<b>962</b>	<b>991</b>	<b>907</b>	<b>929</b>	<b>951</b>	<b>978</b>	<b>995</b>	<b>969</b>
Capital WIP	177	161	222	168	139	142	174	216	269
Investments	1	2	49	1	2	2	5	5	5
<b>WC. Assets</b>	<b>872</b>	<b>674</b>	<b>723</b>	<b>691</b>	<b>729</b>	<b>840</b>	<b>721</b>	<b>639</b>	<b>682</b>
Inventory	96	120	132	113	99	143	150	140	149
Account Receivables	34	53	77	58	66	82	65	61	65
Cash and Bank Balance	610	338	365	372	331	327	219	151	183
Loans and advances	131	163	149	148	232	288	286	286	286
<b>WC. Liability &amp; Prov.</b>	<b>319</b>	<b>287</b>	<b>365</b>	<b>333</b>	<b>375</b>	<b>580</b>	<b>745</b>	<b>729</b>	<b>743</b>
Trade payables	71	84	92	80	79	215	247	232	245
Provisions & Others	248	203	273	252	296	365	498	498	498
<b>Net WC. Assets</b>	<b>553</b>	<b>386</b>	<b>358</b>	<b>359</b>	<b>354</b>	<b>260</b>	<b>-24</b>	<b>-91</b>	<b>-60</b>
<b>Appl. of Funds</b>	<b>1,597</b>	<b>1,511</b>	<b>1,621</b>	<b>1,435</b>	<b>1,423</b>	<b>1,355</b>	<b>1,133</b>	<b>1,125</b>	<b>1,183</b>

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>14.5</b>	<b>20.4</b>	<b>18.1</b>	<b>28.8</b>	<b>33.0</b>	<b>52.6</b>	<b>29.0</b>	<b>25.3</b>	<b>30.9</b>
Cash EPS	31.4	37.3	40.2	53.3	53.5	76.5	57.4	53.9	60.9
BV/Share	162.7	170.7	167.5	146.9	167.4	175.8	106.0	94.4	102.9
DPS	19.5	21.2	18.9	3.9	9.5	45.0	101.5	32.4	22.4
Payout (%)	134.0	104.1	104.0	13.5	28.8	85.5	349.9	127.9	72.3
<b>Valuation (x)</b>									
P/E	19.1	13.6	15.3	9.6	8.4	5.3	9.6	11.0	9.0
Cash P/E	8.8	7.5	6.9	5.2	5.2	3.6	4.8	5.2	4.6
P/BV (incl.-goodwill)	1.7	1.6	1.7	1.9	1.7	1.6	2.6	2.9	2.7
EV/Sales	2.0	1.6	1.7	1.8	1.6	1.0	1.0	1.1	1.1
EV/EBITDA	8.1	7.4	8.3	8.7	6.6	3.5	5.3	6.4	5.7
Dividend Yield (%)	7.0	7.6	6.8	1.4	3.4	16.2	36.5	11.6	8.0
<b>Return Ratios (%)</b>									
EBITDA Margins	29.5	27.4	25.1	24.5	31.0	33.8	23.4	22.6	24.2
Net Profit Margins	7.5	8.3	7.3	12.7	14.0	14.7	7.3	6.8	7.9
RoE	9.3	12.2	10.7	18.3	21.0	30.7	20.6	25.3	31.3
RoCE (pre-tax)	12.4	14.5	12.1	9.2	16.2	27.7	21.5	20.6	22.8
RoIC (pre-tax)	15.2	17.5	12.3	10.0	18.3	33.9	24.6	21.7	24.4
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	0.9	1.0	0.9	0.9	1.0	1.4	1.5	1.4	1.5
Receivable (Days)	17	21	30	25	28	22	16	16	16
Inventory (Days)	49	48	52	49	41	39	37	37	37
Trade payable (Days)	36	33	37	35	33	59	61	61	61
<b>Leverage Ratio (x)</b>									
Current Ratio	2.7	2.3	2.0	2.1	1.9	1.4	1.0	0.9	0.9
Interest Cover Ratio	3.4	3.9	3.3	2.8	4.4	8.0	4.3	3.5	4.4
Net Debt/EBITDA	1.4	1.5	2.0	1.9	1.3	0.5	1.3	1.7	1.4
Net Debt/Equity	0.5	0.6	0.8	0.7	0.6	0.3	1.1	1.5	1.3

### Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
EBITDA	213	252	231	207	273	448	344	311	352
Non cash exp. (income)	2	7	11	7	18	6	4	0	0
(Inc)/Dec in Wkg. Cap.	18	-47	21	-9	-30	-48	46	-2	2
Tax paid	-20	-32	-26	-11	-21	-57	-64	-42	-51
<b>CF from Op. Activity</b>	<b>212</b>	<b>180</b>	<b>238</b>	<b>193</b>	<b>240</b>	<b>350</b>	<b>331</b>	<b>267</b>	<b>303</b>
(Inc)/Dec in FA + CWIP	-55	-74	-89	-77	-69	-105	-138	-164	-139
<b>Free Cash Flow</b>	<b>157</b>	<b>107</b>	<b>149</b>	<b>116</b>	<b>171</b>	<b>245</b>	<b>193</b>	<b>103</b>	<b>164</b>
(Pur)/Sale of Investments	27	14	42	42	9	47	92	0	0
Interest & Dividend Income	11	14	9	8	20	19	17	28	22
Investment in subsidiaries	-30	-9	-69	-5	0	0	-3	0	0
Others	0	0	0	0	0	-42	-91	-2	0
<b>CF from Inv. Activity</b>	<b>-47</b>	<b>-55</b>	<b>-107</b>	<b>-31</b>	<b>-40</b>	<b>-81</b>	<b>-122</b>	<b>-138</b>	<b>-118</b>
Equity raised/(repaid)	-1	-2	-1	-1	0	0	0	0	0
Debt raised/(repaid)	66	-173	77	-87	-96	-27	149	-10	-10
Dividend (incl. tax)	-129	-168	-118	-14	-91	-193	-411	-120	-83
Interest paid	-62	-57	-60	-53	-53	-53	-55	-67	-60
Others	0	1	-1	0	1	0	0	0	0
<b>CF from Fin. Activity</b>	<b>-126</b>	<b>-398</b>	<b>-103</b>	<b>-156</b>	<b>-240</b>	<b>-273</b>	<b>-317</b>	<b>-197</b>	<b>-153</b>
<b>(Inc)/Dec in Cash</b>	<b>40</b>	<b>-273</b>	<b>28</b>	<b>6</b>	<b>-40</b>	<b>-4</b>	<b>-108</b>	<b>-68</b>	<b>32</b>
Add: Opening Balance	570	610	338	365	372	331	327	219	151
<b>Closing Balance</b>	<b>610</b>	<b>338</b>	<b>365</b>	<b>372</b>	<b>331</b>	<b>327</b>	<b>219</b>	<b>151</b>	<b>183</b>

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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