

Estimate change



TP change



Rating change


**CMP: INR381**
**TP: INR360 (-6%)**
**Neutral**

## In-line operational performance; higher tax outgo leads to miss on APAT

- VEDL reported consolidated net sales of INR355b, down 6% YoY, in line with our estimates. VEDL's consolidated EBITDA came in at INR87.7b (down 7 % YoY), in line with our estimate of INR85b. EBITDA was supported by higher volume and structural cost-saving initiatives across businesses, partially offset by muted revenue during the quarter.
- In 4QFY24, the EBITDA margin was lower by ~25bp YoY to 24.5% as compared to 24% in 3QFY24. APAT for the quarter stood at INR16b (down 50% YoY) and was 16% lower than our estimate of INR19b. Lower 'other income' and higher tax outgo adversely impacted APAT.
- VEDL's net debt stood at ~INR563b (down from INR625b in 3QFY24) and net debt/EBITDA stood at 1.5x in 4QFY24.
- During FY24, revenues declined 6% YoY to INR1,390b, while EBITDA registered a decline of 12% YoY to INR304b. APAT during the year stood at INR49b, down 53% YoY.
- The net sales of the aluminum segment came in at INR124b (YoY/QoQ: flat /+2%). The reported EBITDA stood at INR30b (YoY/QoQ: +61% / +4%) on account of sustained cost reduction for seventh consecutive quarter, reaching USD1,711/t in 4QFY24 (down ~USD940/t in the last seven quarters).
- VEDL commissioned train-I Lanjigarh refinery of 1.5MTPA, taking the total capacity to 3.5MTPA as of 4QFY24.

## Highlights from the management commentary

- Aluminum and zinc continue to be the lowest cost businesses on a global scale, ranking in the first quartile of the global cost curve.
- The BALCO expansion is scheduled to be commissioned this year in 3QFY25.
- The Radhikapur coal block is likely to start operations in 4QFY25, having secured environmental clearance. The forest clearances are underway.
- For the Kurloi coal block – environmental clearance has been secured; forest clearance stage 1 is under progress and the mine should be operational by 4QFY25 as well. Ghograpalli mine shall be up and running in FY26.
- Management targets to spend USD1.9b for growth capex, which is to be split as USD0.4b for Oil and Gas business, USD0.4b for Zinc expansion projects, USD0.8b for aluminum and power, and the rest for others.
- Steel Asset sale is still under process – Regulatory and environment clearances still pending. Expect the clearances to be received by the end of Q1, post which the sale of the assets should take place.

Bloomberg	VEDL IN
Equity Shares (m)	3717
M.Cap.(INRb)/(USD\$)	1416.4 / 17
52-Week Range (INR)	397 / 208
1, 6, 12 Rel. Per (%)	38/58/10
12M Avg Val (INR M)	3480
Free float (%)	38.1

### Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	1,390	1,440	1,528
EBITDA	304	352	386
EBITDA margin	21.9	24.5	25.3
APAT	49	95	114
Adj. EPS (INR)	13.3	25.4	30.6
EPS Gr (%)	-53.1	91.7	20.5
BV/Sh. (INR)	83	85	94

### Ratios

Net D:E	1.9	1.9	1.6
RoE (%)	14.1	30.3	34.2
RoCE (%)	18.9	21.9	22.9
Payout (%)	309.8	89.9	71.3

### Valuations

P/E (x)	28.7	15.0	12.4
P/BV	4.6	4.5	4.1
EV/EBITDA (x)	8.2	7.6	6.9
Div. Yield (%)	10.8	6.0	5.7
FCF Yield (%)	13.3	9.2	12.5

### Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	62.0	63.7	68.1
DII	13.2	11.3	10.3
FII	9.0	7.8	8.0
Others	15.9	17.2	13.6

FII Includes depository receipts

- Debt levels have peaked for VEDL and deleveraging will be the key focus ahead. The guidance for EBITDA in FY25 stands at USD6.5b and at this pace, the company anticipates achieving an EBITDA of USD20b+ over the next three years, accompanied by cash flows of USD7-8b. This cash influx is expected to adequately cover both targeted capex and the USD3b debt reduction for VRL.
- The debt repayments will be done through internal accruals and not through any stake sale in assets. VRL has a debt obligation of USD1.7b (USD1.1b + USD0.6b interest) for the current fiscal.

#### Valuation and view

- VEDL performance in 4QFY24 came largely as anticipated across segments. Extending the maturity of bonds at HoldCo. by three years offers the company adequate liquidity comfort in the near term. The Capex plans are progressing well which would lead to further cost savings.
- VEDL currently trades at 6.9x FY26E EV/EBITDA. **We marginally increase our EBITDA estimates by 4% in FY26 to incorporate the improving outlook. We reiterate our Neutral rating on VEDL with a revised SoTP-based TP of INR360.**

#### Quarterly Performance (Consolidated)

Y/E March	FY23				FY24				FY23	FY24	FY24	(INR b)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Vs. Est. %
<b>Net Sales</b>	<b>386</b>	<b>367</b>	<b>341</b>	<b>379</b>	<b>337</b>	<b>342</b>	<b>355</b>	<b>355</b>	<b>1,473</b>	<b>1,390</b>	<b>338</b>	5
Change (YoY %)	35.9	20.6	0.0	-4.8	-12.7	-6.7	4.2	-6.4	11.0	-5.7	(11)	
Change (QoQ %)	-3.0	-5.1	-7.0	11.2	-11.1	1.3	4.0	-0.1			(5)	
Total Expenditure	284	290	270	285	273	275	270	267	1,129	1,085	253	
<b>EBITDA</b>	<b>102</b>	<b>77</b>	<b>71</b>	<b>95</b>	<b>64</b>	<b>67</b>	<b>85</b>	<b>88</b>	<b>344</b>	<b>304</b>	<b>85</b>	3
Change (YoY %)	1.8	-25.7	-34.6	-30.6	-37.0	-12.7	20.7	-7.3	-23.2	-11.6	(10)	
Change (QoQ %)	-25.2	-24.5	-8.2	33.8	-32.1	4.6	27.0	2.8			(0)	
As % of Net Sales	26.4	21.0	20.7	24.9	19.0	19.7	24.0	24.7	23.4	21.9	25	
Finance cost	12	16	16	18	21	25	24	24	62	95	26	
DD&A	25	26	27	28	26	26	28	27	106	107	27	
Other Income	7	7	7	7	5	6	8	6	29	25	8	
<b>PBT (before EO item)</b>	<b>73</b>	<b>41</b>	<b>35</b>	<b>56</b>	<b>23</b>	<b>22</b>	<b>41</b>	<b>42</b>	<b>205</b>	<b>128</b>	<b>40</b>	6
EO exp. (income)	0	-2	-9	13	-18	-60	0	2	2	-76	-	
<b>PBT (after EO item)</b>	<b>73</b>	<b>44</b>	<b>44</b>	<b>43</b>	<b>41</b>	<b>82</b>	<b>41</b>	<b>40</b>	<b>203</b>	<b>204</b>	<b>40</b>	1
Total Tax	16.7	16.7	13.0	11.3	7.8	90.9	12.4	17.2	57.7	128	12	
% Tax	23.0	38.4	29.6	26.4	19.0	111.2	30.1	43.1	28.5	63.0	30	
<b>PAT before MI and Asso.</b>	<b>56</b>	<b>27</b>	<b>31</b>	<b>31</b>	<b>33</b>	<b>-9</b>	<b>29</b>	<b>23</b>	<b>145</b>	<b>75</b>	<b>28</b>	(19)
Profit from Asso.	0.0	0.0	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	8.7	8.6	9.1	39.3	33	9	
<b>PAT after MI and Asso.</b>	<b>44</b>	<b>18</b>	<b>25</b>	<b>19</b>	<b>26</b>	<b>-18</b>	<b>20</b>	<b>14</b>	<b>106</b>	<b>42</b>	<b>19</b>	
<b>APAT</b>	<b>44</b>	<b>14</b>	<b>16</b>	<b>31</b>	<b>9</b>	<b>5</b>	<b>20</b>	<b>16</b>	<b>105</b>	<b>49</b>	<b>19</b>	(16)
Change (YoY %)	-1.3	-69.4	-63.4	-49.5	-80.5	-65.7	29.0	-49.6	-46.2	-53.1	(40)	
Change (QoQ %)	-28.3	-67.8	9.6	99.6	-72.4	-43.3	312.5	-22.0			(7)	

Sources: MOFSL, Company

Note – 2QFY24 and FY24 financials have been adjusted by excluding one-time INR47.6 b revenue and EBITDA benefit recognized due to the award of final partial arbitration won in relation to contract for Rajasthan Block.

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

Y/E March	FY23				FY24				FY23	FY24	FY24E	Vs. Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	%
<b>EBITDA</b>	<b>102</b>	<b>77</b>	<b>71</b>	<b>95</b>	<b>64</b>	<b>67</b>	<b>85</b>	<b>88</b>	<b>344</b>	<b>304</b>	<b>85</b>	<b>3</b>
Copper	(0.1)	0.2	(0.6)	0.5	(0.0)	(0.6)	0.1	(0.1)	(0.0)	(0.7)	0	
Aluminum	22.5	7.6	9.6	18.6	18.2	19.7	28.7	30.0	58.4	96.6	28	
Iron ore	3.6	2.1	0.5	3.6	1.6	3.2	6.3	5.6	9.9	16.8	5	
Power	0.8	1.4	2.7	3.6	2.9	2.5	2.1	2.2	8.5	9.7	2	
Zinc-India	51.4	44.1	37.1	42.6	33.5	31.4	35.2	36.5	175.1	136.6	36	
Zinc-Int	5.9	5.9	3.1	4.4	2.8	2.9	0.6	0.6	19.3	6.9	1	
Oil & Gas	20.8	20.2	20.0	16.8	11.5	11.0	12.6	15.1	77.8	50.2	13	
Steel	0.9	(0.1)	(0.7)	3.0	0.2	1.2	1.1	(0.2)	3.2	2.2	1	
Others	(3.9)	(4.4)	(1.2)	1.5	(6.4)	(4.0)	(1.4)	(2.1)	(7.9)	(13.9)	(1)	
Change (YoY %)	1.8	(25.7)	(34.6)	(30.6)	(37.0)	(12.7)	20.7	(7.3)	(23.2)	(11.6)	(10)	
Change (QoQ %)	(25.2)	(24.5)	(8.2)	33.8	(32.1)	4.6	27.0	2.8			(0)	
As % of Net Sales	26.4	21.0	20.7	24.9	19.0	19.7	24.0	24.7	23.4	21.9	25	

Sources: MOFSL, Company

**Conference call takeaways****Aluminum CoP and capex**

- Aluminum CoP reduced for the seventh consecutive quarter, reaching USD1,711/t in 4QFY24 (down ~USD940/t in the last seven quarters) and management envisages further USD100-200/t reduction as compared to 4QFY24.
- Almost 5% of aluminum volumes have been hedged at USD2,550/t.
- The BALCO expansion is scheduled to be commissioned this year in 3QFY25.
- During the quarter, VEDL commissioned train-I at Lanjigarh refinery of 1.5MTPA, taking the total capacity to 3.5MTPA as of 4QFY24.
- Coal Blocks – Jhmkani produced 2.1mt in FY24 and is expected to produce ~2.6mt in FY25. The Radhikapur coal block is likely to start operations in 4QFY25, having secured environmental clearance. The forest clearances are underway.
- For the Kurloi coal mine block, environmental clearance has been secured; forest clearance stage 1 is under progress and the mine should be operational by 4QFY25 as well. Ghograpalli mine shall be up and running in FY26.
- Bauxite – OMC contracts are in place. Captive mines are also under process. Forest clearance is due.

**Oil and Gas**

- Despite realization and production numbers being lower, the performance has been better sequentially on the back of cost management.
- The cost has been maintained in the range of USD14-15 per barrel. Additionally, the high margin production areas have seen a rise in production figures.

**Iron and steel**

- VEDL operationalized the Bicholim mine in Goa (with a capacity of 3MTPA) in 4QFY24.
- For the steel production – the NSR from pig iron were not good, which led to margin squeeze.
- Karnataka iron ore mines EC is getting enhanced from 7.2mt to 10mt and Liberia from 1.5mt to 5mt.

- Steel Asset sale is still under consideration – Regulatory and environment clearances still pending. Expect the clearances to be received by the end of 1Q, after which the sale of the assets should take place.

### Demerger plan on track

- VEDL announced a demerger plan in Oct'23 across existing business verticals into six independent 'pure play' companies with an aim to simplify the corporate structure and unlock stakeholder value.
- Management guided that it has submitted the scheme to SE and the proposal is on track. Post receiving necessary approvals from SE, the scheme will be filled with NCLT.
- USD1.90 b of growth capex to be split - USD0.4b for Oil and Gas business, USD0.4 b for Zinc expansion projects, USD0.8 b for aluminum and power, and the rest for others.

### Debt at VEDL and HoldCo. Level

- VEDL's net debt declined to ~INR563b from INR625b in 3QFY24 and net debt/EBITDA stood at 1.5x in 4QFY24.
- Management reiterates that the debt peaked and deleveraging will be the key focus for the company.
- The guidance for EBITDA in FY25 stood at USD6.5b and at this pace, the company anticipates to achieve an EBITDA of USD20b+ over the next three years. Additionally, the cash influx of USD7-8b is expected to adequately cover both the targeted capex as well as the USD3b debt reduction for VRL.
- The debt repayments will be done through internal accruals and not through any stake sale in assets. VRL has a debt obligation of US\$1.7b (US\$1.1b + 0.6bn interest) for the current fiscal.

### FY25 production and CoP Guidance

- ❖ **Aluminum segment:** Alumina-2.7-3.0 Mnt; Aluminium-2.3-2.4 Mnt and CoP - USD1,625-1,725/t
- ❖ **Zinc India:** Mined Metal 1,100 - 1,125 kt; Finished Metal 1,075 – 1,100 kt with CoP USD1,050/t - USD1,100/t
- ❖ **Zinc International:** Gamberg 160-180kt; BMM 60-70kt and CoP USD1,400-1,500/t
- ❖ **Power:** TSPL plant availability >85%
- ❖ **ESL:** Hot Metal 1.5-1.6 Mnt
- ❖ **FACOR:** Ferrochrome 125 – 150 kt
- ❖ **Oil and Gas:** Average Gross Volume 120-140 kboepd and Opex USD13-14/boe

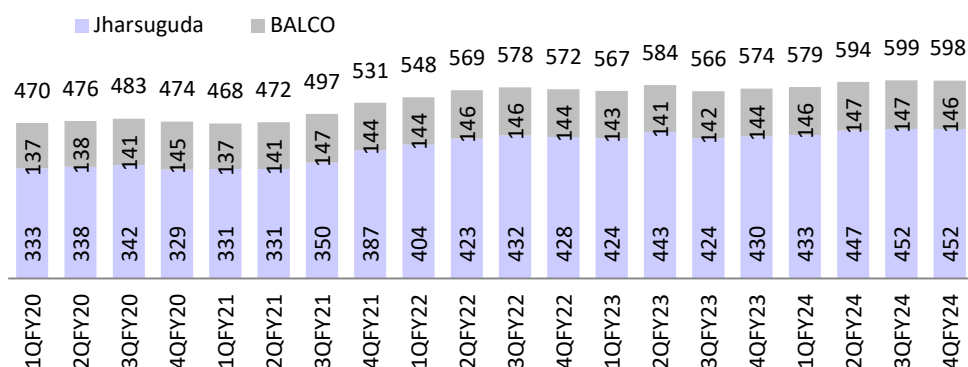
### HZ guidance on volumes / CoP and CAPEX (HZ 4QFY24 RU):

- For FY25, management guided the mined metal production to range between 1,100kt and 1,125kt and refined metal production between 1,075kt and 1,100 kt.
- Similarly, saleable silver production is expected to range between 750mt and 775mt.

- Management foresees the domestic zinc demand to remain strong, owing to the efforts to upgrade India's infrastructure and manufacturing output in the election year and impressive automobile sales.
- Management guided the zinc cost of production (CoP) to range between USD 1,050 and USD1,100/t for FY25.
- Better capacity utilization and the ramp up of newly commissioned project will drive better production volume as compared to last year for both mined metal and refined metal for FY25.
- For FY25, the management expects capex spend of USD 270-325m.
- 160kt roaster at Debari is progressing as per timelines and is expected to be commissioned by 4QFY25.
- Once roaster is operational, it will help HZ achieve refined metal capacity of 1.2mt. Also, the company plans to scale smelters to the designed capacity of 1,123 ktpa.
- 510kt of DAP/NPK Fertilizer Plant at Chanderiya is progressing as per timelines and is expected to be commissioned by FY26, generating an EBITDA of INR 3.5-4b.

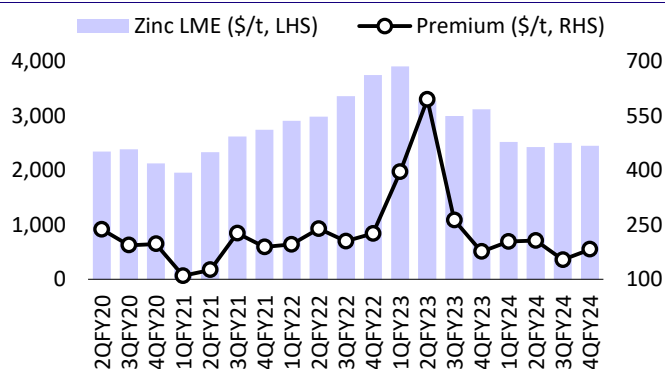
## Story in charts

**Exhibit 2: Aluminum production remained flat QoQ at 598kt during the quarter**



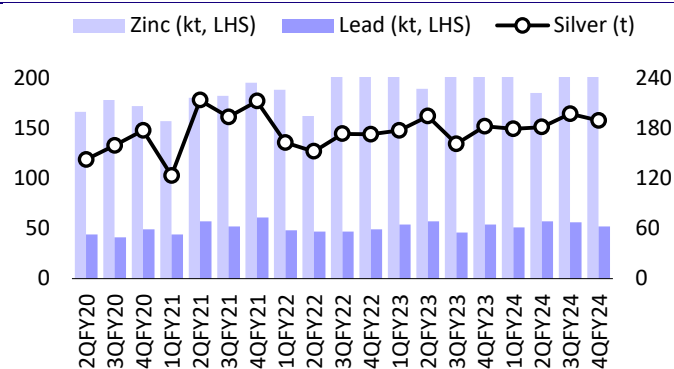
Sources: MOFSL, Company

**Exhibit 3: Zinc LME vs Premium (USD/t) – Premium during the quarter rebounded to USD183/t**



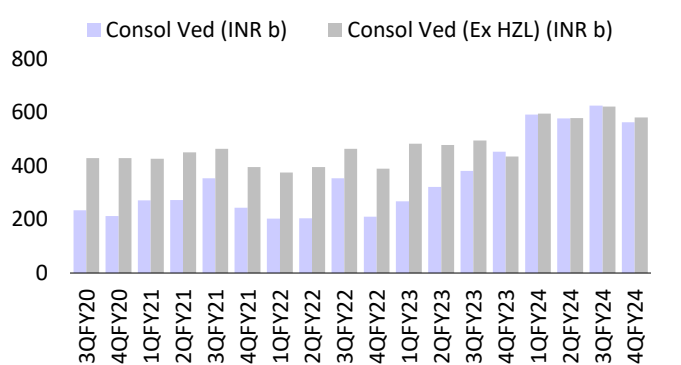
Sources: MOFSL, Company

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



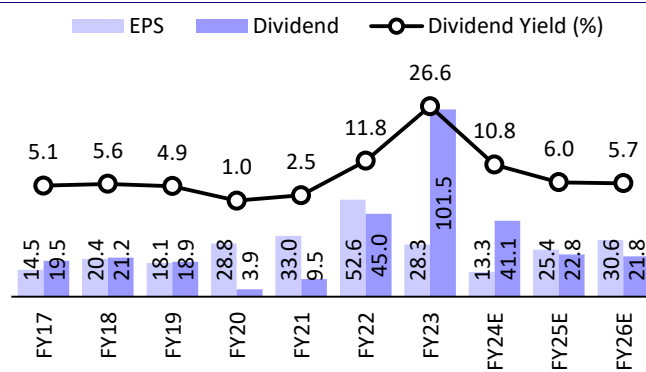
Sources: MOFSL, Company

**Exhibit 5: Net debt at Vedanta Consol and ex-HZL (INR b)**



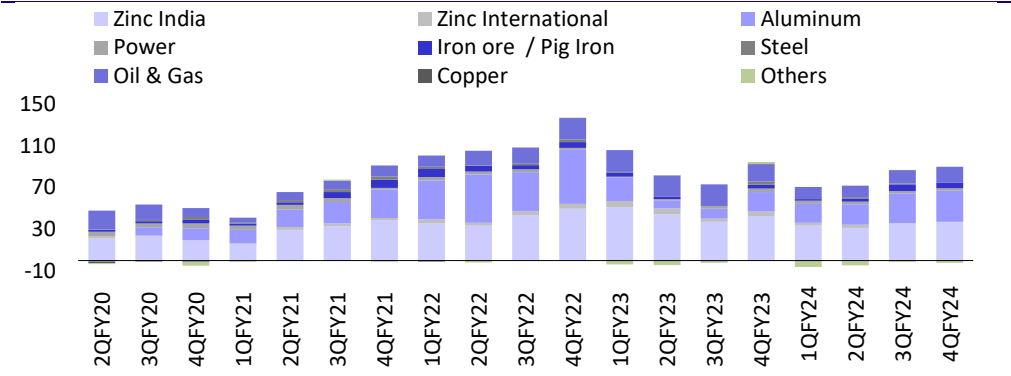
Sources: MOFSL, Company

**Exhibit 6: Dividend per share**



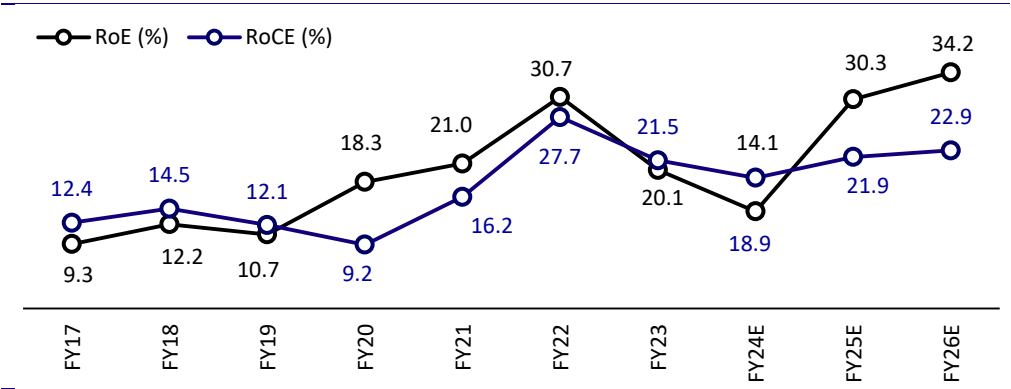
Sources: MOFSL, Company

Exhibit 7: EBITDA breakdown by division (INR b) – Copper & Steel segment reported operating losses in 4QFY24



Sources: MOFSL, Company

Exhibit 8: ROE and RoCE likely to improve in FY25 after touching a low in FY24



Sources: MOFSL, Company

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

Entity wise Debt	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24
<b>Gross Debt</b>											
Vedanta Limited	305	338	367	452	453	452	420	443	425	441	422
Cairn India Holdings Ltd	28	28	16	16	10	9	27	26	26	18	18
Zinc India	46	100	28	28	21	51	118	93	113	101	85
Zinc International	1	3	0	-	-	-	-	-	-	2	4
BALCO	20	36	11	10	10	11	11	11	15	19	21
TSPL	73	74	70	70	69	69	64	64	64	62	61
ESL	-	-	27	26	25	24	23	23	21	21	19
Vedanta Star	-	-	-	-	-	-	-	-	-	-	-
Others	38	44	11	10	-2	-1	-1	75	81	88	88
<b>Consolidated Vedanta</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>745</b>	<b>752</b>	<b>718</b>
<b>Cash and LI</b>											
Vedanta Limited	17	30	71	49	40	34	74	14	20	11	24
Cairn India Holdings Ltd	21	11	14	29	20	14	16	13	18	9	12
Zinc India	237	211	208	243	178	165	101	97	114	97	102
Zinc International	5	4	6	8	13	11	7	8	4	4	4
BALCO	16	7	7	4	4	4	5	5	5	2	3
TSPL	4	1	1	0	1	1	1	1	1	1	2
ESL	-	-	-	3	4	2	3	2	2	2	4
Vedanta Star	-	-	9	-	-	-	-	-	-	-	-
Others	7	7	6	8	5	5	4	3	3	2	4
<b>Consolidated Vedanta</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>167</b>	<b>127</b>	<b>154</b>
<b>Net Debt</b>											
Vedanta Limited	288	308	296	403	413	419	347	429	405	431	398
Cairn India Holdings Ltd	7	17	2	-13	-10	-6	11	13	8	10	6
Zinc India	-191	-110	-180	-214	-157	-114	18	-4	-1	4	-17
Zinc International	-3	-1	-6	-8	-13	-11	-7	-8	-4	-2	1
BALCO	3	29	4	7	6	7	7	6	10	17	17
TSPL	69	73	69	69	67	69	63	64	63	61	58
ESL	-	-	27	23	21	22	20	21	19	19	15
Vedanta Star	-	-	-9	-	-	-	-	-	-	-	-
Others	31	38	5	2	-7	-6	-5	72	78	86	84
<b>Consol Ved (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>578</b>	<b>625</b>	<b>563</b>
<b>Consol Ved (Ex HZL) (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>	<b>578</b>	<b>621</b>	<b>581</b>

Sources: MOFSL, Company



**Exhibit 10: Operational Performance – Zinc India (INR b)**

Y/E March	FY23				FY24				FY23	FY24	FY24	Vs. Est. %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Mine prodn. (kt)	252	255	257	301	257	252	271	299	1,062	1,079		
<b>Sales</b>												
Zinc refined (kt)	206	189	210	216	208	185	203	221	821	817	221	
Lead refined (kt)	54	57	46	54	50	57	56	53	211	216	53	
Silver (tonnes)	177	194	161	182	179	181	197	179	714	736	189	
<b>Net Sales</b>	<b>94</b>	<b>83</b>	<b>79</b>	<b>85</b>	<b>73</b>	<b>68</b>	<b>73</b>	<b>75</b>	<b>341</b>	<b>289</b>	80	(5)
Change (YoY %)	43.7	36.2	-1.6	-3.3	-22.4	-18.5	-7.1	-11.3	15.8	-15.2		
Change (QoQ %)	6.7	-11.2	-5.6	8.2	-14.4	-6.7	7.6	3.3				
<b>EBITDA</b>	<b>51</b>	<b>44</b>	<b>37</b>	<b>43</b>	<b>33</b>	<b>31</b>	<b>35</b>	<b>36</b>	<b>175</b>	<b>137</b>	36	2
Change (YoY %)	44.4	32.1	-15.2	-14.2	-34.8	-28.8	-5.0	-14.2	7.9	-22.0		
Change (QoQ %)	3.5	-14.2	-15.9	14.8	-21.3	-6.2	12.2	3.6				
As % of Net Sales	54.7	52.9	47.1	50.0	46.0	46.2	48.2	48.3	51.3	47.2		
Finance cost	0	1	1	2	2	2	2	3	3	10	3	
DD&A	7	8	8	9	8	8	9	9	33	35	10	
Other Income	3	4	3	4	3	2	3	3	14	11	2	
<b>PBT (before EO item)</b>	<b>47</b>	<b>39</b>	<b>32</b>	<b>35</b>	<b>26</b>	<b>23</b>	<b>27</b>	<b>27</b>	<b>153</b>	<b>103</b>	26	5
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>23</b>	<b>27</b>	<b>27</b>	<b>153</b>	<b>103</b>	26	5
Total Tax	16	12	10	9	6	6	6	7	48	25	7	5
% Tax	33.8	31.7	32.3	26.3	24.8	25.0	24.0	25.2	31.2	24.7		
<b>Reported PAT</b>	<b>31</b>	<b>27</b>	<b>22</b>	<b>26</b>	<b>20</b>	<b>17</b>	<b>20</b>	<b>20</b>	<b>105</b>	<b>78</b>	19	5
<b>Adjusted PAT</b>	<b>31</b>	<b>27</b>	<b>22</b>	<b>26</b>	<b>20</b>	<b>17</b>	<b>20</b>	<b>20</b>	<b>105</b>	<b>78</b>	19	5
Change (YoY %)	55.9	32.9	-20.2	-11.8	-36.5	-35.5	-5.9	-21.1	9.2	-26.2		
Change (QoQ %)	5.6	-13.3	-19.6	19.8	-24.0	-12.0	17.3	0.5				

Sources: MOFSL, Company

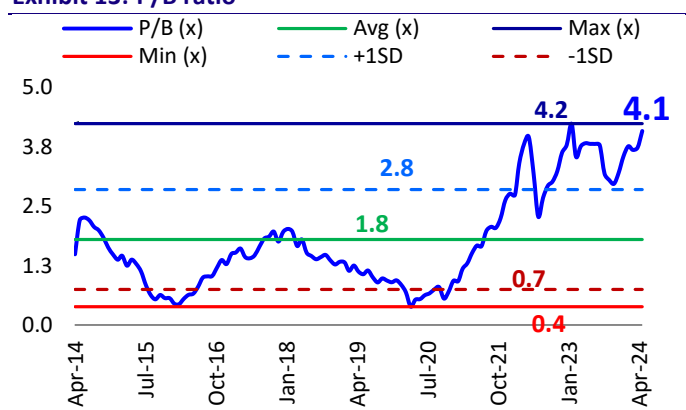
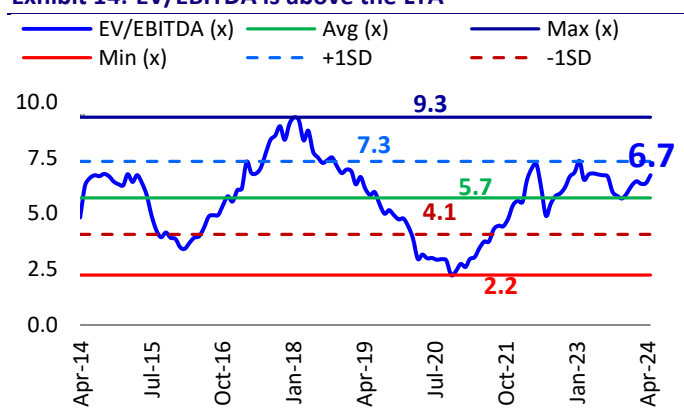
**Exhibit 11: Changes to our assumptions and key financials**

	Units	FY25E			FY26E		
		New	Old	% change	New	Old	% change
Revenue	Rs bn	1,440	1,437	0%	1,528	1,524	0%
EBITDA	"	352	349	1%	386	372	4%
Adj PAT	"	95	97	-2%	114	111	3%
EPS	Rs/sh	25.4	26.0	-2%	30.6	29.8	3%

Sources: MOFSL, Company

**Exhibit 12: SoTP valuation**

(INR b)	EBITDA FY26E	EV EBITDA (x)	EV FY26E	Per Share
<b>VEDL (ex HZL)</b>				
Copper	0.1	5.0	0	0
Aluminium	104.8	6.0	629	169
Iron ore	13.1	6.0	78	21
Steel	5.4	6.0	32	9
Power	12.7	6.0	76	21
Zinc-Int	7.8	6.0	47	13
Oil & Gas	37.4	6.0	225	60
Sub. Tot.	181.3	6.0	1,087	292
Less: Net Debt			588	158
<b>Equity Value</b>			500	134
<b>Hind. Zinc</b>				
HZL	211	6.5	1,370	368
Add: Net Cash			177	47
<b>Equity Value</b>			1,546	416
<b>INR/share (HZL)</b>			370	
<b>VEDL</b>			<b>INR b</b>	<b>INR/sh</b>
HZL@64.9% (15% Hold Co. discount)			853	229
VEDL (ex HZL)			500	134
<b>Equity value</b>			1,353	
Shares outstanding (bn)			3.7	
<b>Target price (INR/sh)</b>			360	-6%

**Exhibit 13: P/B ratio****Exhibit 14: EV/EBITDA is above the LTA**

## Financials and valuations

### Income Statement (Consolidated)

INR b

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<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>1,390</b>	<b>1,440</b>	<b>1,528</b>
Total Expenses	509	667	689	638	607	879	1,129	1,085	1,087	1,142
<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>304</b>	<b>352</b>	<b>386</b>
DDA	63	63	82	91	76	89	106	107	110	115
<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>197</b>	<b>242</b>	<b>272</b>
Finance cost	59	58	57	50	52	48	62	95	95	87
Other income	46	36	40	25	34	26	29	26	31	28
<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>128</b>	<b>179</b>	<b>213</b>
Tax	38	57	39	-35	22	93	58	128	45	54
Rate (%)	27.4	34.4	29.2	-38.5	12.2	27.4	28.2	100.2	25.2	25.2
<b>PAT (before EO)</b>	<b>100</b>	<b>109</b>	<b>94</b>	<b>126</b>	<b>157</b>	<b>245</b>	<b>147</b>	<b>0</b>	<b>134</b>	<b>159</b>
EO expense /Income	-1	8	3	-170	-7	-8	-2	76	0	0
<b>PAT before MI and Asso.</b>	<b>99</b>	<b>118</b>	<b>97</b>	<b>-43</b>	<b>150</b>	<b>237</b>	<b>145</b>	<b>75</b>	<b>134</b>	<b>159</b>
Minority interests	44	34	26	19	34	49	39	33	40	45
Share in Asso.	0	0	0	0	0	0	0	0	0	0
<b>PAT after MI and Asso.</b>	<b>55</b>	<b>84</b>	<b>71</b>	<b>-62</b>	<b>116</b>	<b>188</b>	<b>106</b>	<b>42</b>	<b>95</b>	<b>114</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>105</b>	<b>49</b>	<b>95</b>	<b>114</b>
Change (YoY %)	-74.9	40.4	-11.0	59.0	14.5	59.4	-46.2	-53.1	91.7	20.5

### Balance Sheet (Consolidated)

INR b

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Share Capital	4	4	4	4	4	4	4	4	4	4
Reserves	601	631	619	543	619	650	391	304	313	346
<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>307</b>	<b>317</b>	<b>349</b>
Total Loans	906	725	835	757	686	534	665	722	732	717
Deferred Tax Liability	-54	-9	10	-40	-36	-7	-26	75	75	75
<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>1,218</b>	<b>1,277</b>	<b>1,339</b>
Gross Block	1,641	1,810	2,176	2,182	2,411	2,542	2,744	2,888	2,983	3,075
Less: Accumulated Depreciation	775	848	1,185	1,276	1,482	1,591	1,766	1,873	1,983	2,098
<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>1,015</b>	<b>1,000</b>	<b>977</b>
Capital WIP	177	161	222	168	139	142	174	203	257	322
Investments	1	2	49	1	2	2	5	10	10	10
<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>653</b>	<b>666</b>	<b>701</b>
Inventory	96	120	132	113	99	143	150	130	147	156
Account Receivables	34	53	77	58	66	82	65	60	64	68
Cash and Bank Balance	610	338	365	372	331	327	219	152	145	167
Loans and advances	131	163	149	148	232	288	286	311	311	311
<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>664</b>	<b>655</b>	<b>670</b>
Trade payables	71	84	92	80	79	215	247	250	242	257
Provisions & Others	248	203	273	252	296	365	498	413	413	413
<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>-11</b>	<b>11</b>	<b>31</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>1,218</b>	<b>1,277</b>	<b>1,339</b>

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY25E
<b>Basic (INR)</b>										
EPS	14.5	20.4	18.1	28.8	33.0	52.6	28.3	13.3	25.4	30.6
Cash EPS	31.4	37.3	40.2	53.3	53.5	76.5	56.7	42.1	55.0	61.4
BV/Share	162.7	170.7	167.5	146.9	167.4	175.8	106.0	82.6	85.1	93.9
DPS	19.5	21.2	18.9	3.9	9.5	45.0	101.5	41.1	22.8	21.8
Payout (%)	134.0	104.1	104.0	13.5	28.8	85.5	358.9	309.8	89.9	71.3
<b>Valuation (x)</b>										
P/E	19.8	14.1	15.8	10.0	8.7	5.5	10.2	28.7	15.0	12.4
Cash P/E	9.1	7.7	7.2	5.4	5.4	3.8	5.1	9.1	6.9	6.2
P/BV (incl.-goodwill)	1.8	1.7	1.7	2.0	1.7	1.6	2.7	4.6	4.5	4.1
EV/Sales	2.0	1.7	1.7	1.8	1.7	1.0	1.0	1.4	1.4	1.3
EV/EBITDA	8.3	7.5	8.5	8.9	6.7	3.6	5.5	8.2	7.6	6.9
Dividend Yield (%)	6.8	7.4	6.6	1.4	3.3	15.7	35.3	10.8	6.0	5.7
<b>Return Ratios (%)</b>										
EBITDA Margins	29.5	27.4	25.1	24.5	31.0	33.8	23.4	21.9	24.5	25.3
Net Profit Margins	7.5	8.3	7.3	12.7	14.0	14.7	7.1	3.5	6.6	7.5
RoE	9.3	12.2	10.7	18.3	21.0	30.7	20.1	14.1	30.3	34.2
RoCE (pre-tax)	12.4	14.5	12.1	9.2	16.2	27.7	21.5	18.9	21.9	22.9
RoIC (pre-tax)	15.2	17.5	12.3	10.0	18.3	33.9	24.6	19.9	22.1	23.6
<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	1.4	1.5
Receivable (Days)	17	21	30	25	28	22	16	16	16	16
Inventory (Days)	49	48	52	49	41	39	37	37	37	37
Trade payable (Days)	36	33	37	35	33	59	61	61	61	61
<b>Leverage Ratio (x)</b>										
Current Ratio	2.7	2.3	2.0	2.1	1.9	1.4	1.0	1.0	1.0	1.0
Interest Cover Ratio	3.4	3.9	3.3	2.8	4.4	8.0	4.3	2.4	2.9	3.4
Net Debt/EBITDA	1.4	1.5	2.0	1.9	1.3	0.5	1.3	1.9	1.7	1.4
Net Debt/Equity	0.5	0.6	0.8	0.7	0.6	0.3	1.1	1.9	1.9	1.6

### Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
										<b>INR b</b>
EBITDA	213	252	231	207	273	448	344	304	352	386
Non cash exp. (income)	2	7	11	7	18	6	4	64	0	0
(Inc)/Dec in Working. Cap.	18	-47	21	-9	-30	-48	46	16	-29	2
Tax paid	-20	-32	-26	-11	-21	-57	-64	-27	-45	-54
<b>CF from Op. Activity</b>	<b>180</b>	<b>174</b>	<b>238</b>	<b>193</b>	<b>240</b>	<b>350</b>	<b>331</b>	<b>357</b>	<b>278</b>	<b>334</b>
(Inc)/Dec in FA + CWIP	-55	-74	-89	-77	-69	-105	-138	-168	-148	-157
<b>Free Cash Flow</b>	<b>125</b>	<b>100</b>	<b>149</b>	<b>116</b>	<b>171</b>	<b>245</b>	<b>193</b>	<b>189</b>	<b>131</b>	<b>177</b>
(Pur)/Sale of Investments	27	14	42	42	9	47	92	15	0	0
Interest & Dividend Income	11	14	9	8	20	19	17	17	31	28
Investment in subsidiaries	-30	-9	-69	-5	0	0	-3	-4	0	0
Others	74	209	1	-28	-28	16	24	3	0	0
<b>CF from Inv. Activity</b>	<b>27</b>	<b>154</b>	<b>-105</b>	<b>-59</b>	<b>-68</b>	<b>-23</b>	<b>-7</b>	<b>-137</b>	<b>-116</b>	<b>-129</b>
Equity raised/(repaid)	-1	-2	-1	-1	0	0	0	-2	0	0
Debt raised/(repaid)	66	-173	77	-87	-96	-27	149	47	10	-15
Dividend (incl. tax)	-129	-168	-118	-14	-91	-193	-411	-205	-85	-81
Interest paid	-62	-57	-60	-53	-53	-53	-55	-98	-95	-87
Others	3	7	0	0	65	-16	-24	-3	0	0
<b>CF from Fin. Activity</b>	<b>-123</b>	<b>-393</b>	<b>-102</b>	<b>-155</b>	<b>-176</b>	<b>-289</b>	<b>-341</b>	<b>-261</b>	<b>-170</b>	<b>-183</b>
Forex Adj.	0	1	-1	0	1	0	0	0	0	0
(Inc)/Dec in Cash	83	-64	29	-22	-3	38	-17	-41	-8	22
Add: Opening cash balance	25	109	45	73	51	49	87	69	28	21
adjustments if any	0	0	-1	0	0	0	0	0	0	0
<b>closing cash balance</b>	<b>109</b>	<b>45</b>	<b>73</b>	<b>51</b>	<b>49</b>	<b>87</b>	<b>69</b>	<b>28</b>	<b>21</b>	<b>43</b>
Bank Balance	501	293	293	320	283	241	150	124	124	124
<b>Closing Balance (incl bank balance)</b>	<b>610</b>	<b>338</b>	<b>365</b>	<b>372</b>	<b>331</b>	<b>327</b>	<b>219</b>	<b>152</b>	<b>145</b>	<b>167</b>

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Explanation of Investment Rating	
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