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Retail Equity Research

Vedanta Limited

BUY

Sector: Metals & Mining

11th February, 2026

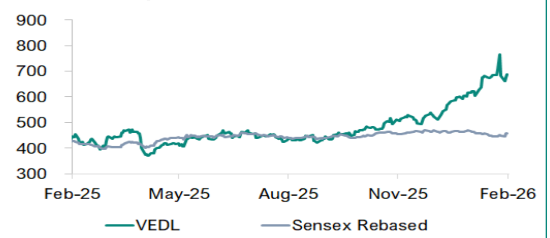
Key Changes	Target		Rating		Earnings	
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	
Large Cap	VEDL:IN	84,274	VEDL	500295	12 Months	

Target	**Rs. 791**
CMP	**Rs. 690**
Return	**+15%**

Data as of: 10-Feb-2026, 18:00 hrs

Company Data			
Market Cap (Rs.cr)			269,836
52 Week High — Low (Rs.)			770 - 362
Enterprise Value (Rs. cr)			355,292
Outstanding Shares (cr)			391.0
Free Float (%)			43.3
Dividend Yield (%)			3.3
6m average volume (cr)			1.3
Beta			1.5
Face value (Rs.)			1.0
Shareholding (%)	**Q1FY26**	**Q2FY26**	**Q3FY26**
Promoters	56.4	56.4	56.4
FII's	10.6	11.1	12.2
MFs/Institutions	16.5	16.2	15.3
Public	12.9	12.7	12.5
Others	3.6	3.6	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	32.0%	57.7%	49.2%
Absolute Sensex	1.0%	5.3%	8.0%
Relative Return	31.0%	52.4%	41.3%

***over or under performance to benchmark index**



Y.E March (Rs. cr)	FY26E	FY27E	FY28E
Sales	170,262	195,094	205,579
Growth (%)	*13.0*	*14.6*	*5.4*
EBITDA	54,887	69,223	74,758
EBITDA Margin (%)	*32.2*	*35.5*	*36.4*
Adj. PAT	20,964	28,834	30,704
Growth (%)	*51.3*	*37.5*	*6.5*
Adj. EPS	53.6	73.7	78.5
Growth (%)	*51.3*	*37.5*	*6.5*
P/E	12.8	9.3	8.8
P/B	6.2	5.0	4.7
EV/EBITDA	6.5	5.3	5.0
ROE (%)	*58.6*	*70.6*	*70.9*
D/E	1.2	0.9	0.8

Demerger and Expansion Boost Growth Prospects

Vedanta Ltd, a subsidiary of Vedanta Resources Ltd, has operations in multiple sectors, including oil and gas, zinc, lead, silver, copper, iron ore, steel, aluminium and power, across India and the world.

- Consolidated revenue from continuing operations surged 37.3% YoY to Rs. 22,979cr in Q3FY26, driven by higher prices on the London Metal Exchange (LME), increased volume, improved premiums and favourable foreign exchange gains.
- Revenue from the copper business rose 48.9% YoY to Rs. 8,643cr, driven by higher LME prices, even as copper cathode production remained flat YoY at 45kt.
- Power segment reported a robust 62% YoY revenue growth to Rs. 2063cr, underpinned by a 61% YoY surge in sales volumes, and the successful ramp-up of additional capacities at Meenakshi & Athena power plants.
- EBITDA from continuing operations grew 37.0% YoY to Rs. 6,866cr, driven by robust revenue growth and sustained cost optimisation across businesses and EBITDA margin remained flat at 29.9% YoY.
- Reported PAT climbed 82.4% YoY to Rs. 3,672cr, propelled by combination of higher revenue, better cost efficiencies and improved metal prices.

Outlook & Valuation

Vedanta's earnings saw robust growth in Q3FY26, supported by operational excellence and key strategic initiatives during the quarter. The period was marked by the advancement of its demerger and commissioning of new assets in the aluminium segment. The approved demerger scheme is expected to unlock significant value and enhance the agility of individual business segments. Additionally, the management's ongoing efforts in cost optimisation, sustainability and portfolio diversification have strengthened the company's competitive position. Robust execution and favourable industry dynamics support continued momentum and position the company for sustained long-term growth. Hence, **we reiterate our BUY rating on the stock with a rolled-forward target price of Rs. 791, based on 5.2x FY28E EV/EBITDA.**

Quarterly Financials Consolidated

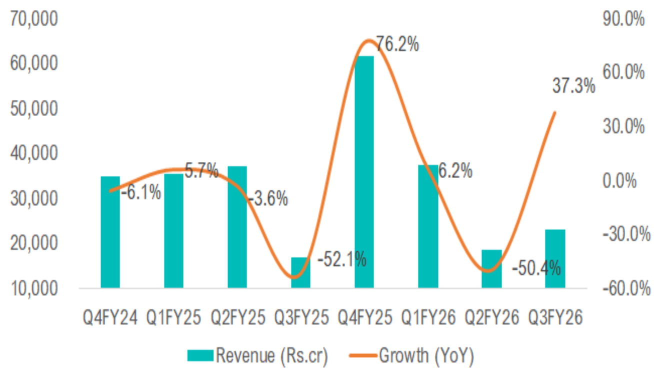
Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	22,979	16,742	*37.3*	18,449	*24.6*	58,989	49,814	*18.4*
EBITDA	6,866	5,013	*37.0*	4,916	*39.7*	16,447	13,861	*18.7*
Margin (%)	*29.9*	*29.9*	*0bps*	*26.6*	*330bps*	*27.9*	*27.8*	*10bps*
EBIT	5,442	3,775	*44.2*	3,613	*50.6*	12,445	10,357	*20.2*
PBT	4,746	3,041	*56.1*	750	*532.0*	8,467	8,267	*2.4*
Rep. PAT	3,672	2,013	*82.4*	402	*813.4*	6,237	6,670	*-6.5*
Adj. PAT	1,772	684	*159.0*	268	*542.5*	2,880	2,931	*-1.7*
Adj. EPS (Rs.)	4.4	1.7	*159.0*	0.7	*542.5*	7.4	7.5	*-1.7*

Note: Quarterly Financials excludes discontinued operations.

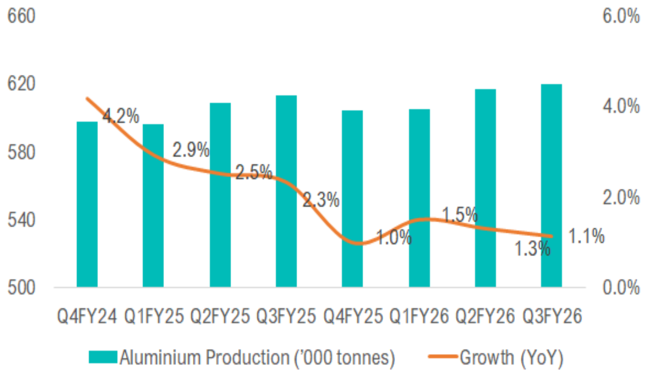
Key concall highlights

- Vedanta commissioned 1.5 MTPA Train-2 refinery at Lanjigarh, supporting higher captive alumina production. Commissioning of the new 435 kt BALCO smelter is underway, with initial output targeted by March-end and full ramp-up expected over the next few months. A 125 kt billet line at Jharsuguda has been commissioned to boost value-added aluminium production.
- The company received the NCLT approval to acquire Incab Industries, a strategic move to unlock downstream synergies and broaden market presence to enhance profitability.
- The NCLT approved the company's demerger scheme, with an effective date targeted for April 1, 2026. Management reiterated that all four businesses—aluminum, oil and gas, power and iron and steel will be demerged simultaneously, with debt allocation aligned to asset base and cash flow capabilities.
- Vedanta invested ~$1.3 billion in growth capex across its businesses during 9MFY26. The company remains on track to meet its full-year capex guidance of $1.7 billion, which are focused on strategic projects to drive higher volumes, margin and earnings visibility.
- The company reiterated guidance for a record full-year alumina and aluminium production, targeting around 3 million tonne by year-end. In the power sector, it is focused on achieving 5 GW operational capacity soon and plans further expansion over the next 5–7 years.

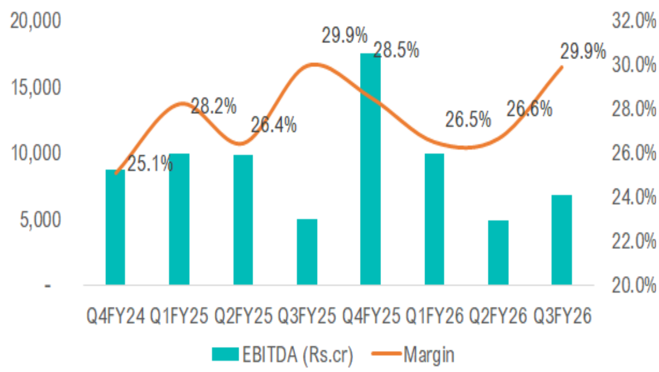
Revenue



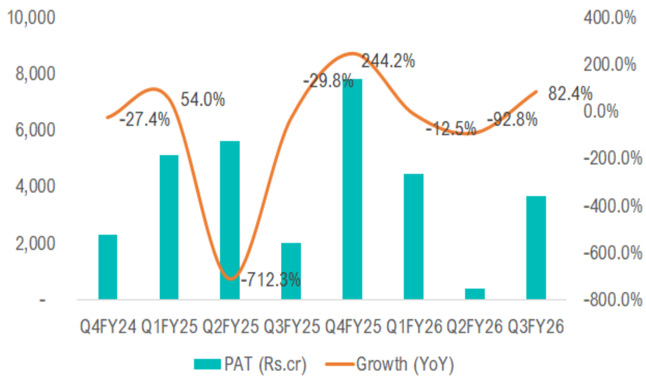
Aluminium Production



EBITDA



PAT



Note: Chart data excludes discontinued operations.

Change in Estimates

	Old estimates		New estimates			Change (%)	
Year / Rs. cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**
Revenue	162,301	177,893	170,262	195,094	205,579	*4.9*	*9.7*
EBITDA	49,568	57,337	54,887	69,223	74,758	*10.7*	*20.7*
Margins (%)	*30.5*	*32.2*	*32.2*	*35.5*	*36.4*	*170bps*	*330bps*
Adj. PAT	19,305	22,022	20,964	28,834	30,704	*8.6*	*30.9*
Adj. EPS	49.4	56.3	53.6	73.7	78.5	*8.6*	*30.9*

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	**141,793**	**150,725**	**170,262**	**195,094**	**205,579**
% change	*-2.5*	*6.3*	*13.0*	*14.6*	*5.4*
EBITDA	**35,219**	**42,386**	**54,887**	**69,223**	**74,758**
% change	*2.2*	*20.3*	*29.5*	*26.1*	*8.0*
Depreciation	10,744	11,139	11,708	12,243	13,350
EBIT	**24,475**	**31,247**	**43,179**	**56,981**	**61,408**
Interest	9,465	9,914	10,485	10,404	11,962
Exceptional items	2,411	1,136	-1,694	-	-
Other Income	2,942	4,407	2,993	4,278	4,705
PBT	**20,363**	**26,876**	**33,993**	**50,854**	**54,151**
% change	*0.4*	*32.0*	*26.5*	*49.6*	*6.5*
Tax	12,826	6,342	8,504	12,713	13,538
Tax Rate (%)	*63.0*	*23.6*	*25.0*	*25.0*	*25.0*
Reported PAT	**7,537**	**20,534**	**25,489**	**38,140**	**40,613**
PAT att. to common shareholders	**4,239**	**14,988**	**19,270**	**28,834**	**30,704**
Adj.*	-2,411	-1,136	1,694	-	-
Adj. PAT	**1,828**	**13,852**	**20,964**	**28,834**	**30,704**
% change	*-82.6*	*657.8*	*51.3*	*37.5*	*6.5*
No. of shares (cr)	371.7	391.0	391.0	391.0	391.0
Adj EPS (Rs.)	**4.9**	**35.4**	**53.6**	**73.7**	**78.5**
% change	*-82.6*	*620.3*	*51.3*	*37.5*	*6.5*
DPS (Rs.)	29.5	43.5	46.8	70.1	74.6

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	4,327	6,970	9,560	10,149	11,166
Accts. Receivable	3,607	3,636	4,086	4,877	5,242
Inventories	13,001	14,474	17,637	19,322	19,483
Other Cur. Assets	30,989	26,685	31,230	37,241	40,327
Investments	987	1,623	2,383	3,324	4,489
Gross Fixed Assets	**281,781**	**295,887**	**312,913**	**334,373**	**356,987**
Net Fixed Assets	96,715	97,834	99,707	105,118	110,204
CWIP	20,331	30,939	34,033	37,436	41,180
Intangible Assets	4,806	5,028	5,380	5,783	6,217
Def. Tax -Net	2,689	3,353	3,997	5,085	5,415
Other Assets	13,355	12,751	11,625	12,781	13,850
Total Assets	**190,807**	**203,293**	**219,638**	**241,116**	**257,573**
Current Liabilities	57,059	51,673	56,146	58,611	60,151
Provisions	3,105	3,223	3,706	3,744	3,781
Debt Funds	72,235	74,614	76,256	77,733	79,063
Other Liabilities	16,339	20,030	21,298	18,963	19,291
Equity Capital	372	391	391	391	391
Res. & Surplus	30,350	40,821	43,081	53,608	56,920
Shareholder Funds	**30,722**	**41,212**	**43,472**	**53,999**	**57,311**
Minority Interest	11,347	12,541	18,760	28,067	37,976
Total Liabilities	**190,807**	**203,293**	**219,638**	**241,116**	**257,573**
BVPS	83	105	111	138	147

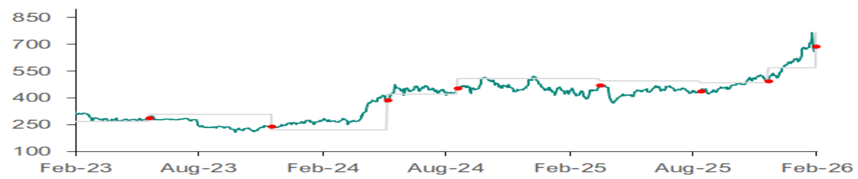
Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	**18,281**	**31,673**	**37,197**	**50,383**	**53,964**
Non-cash adj.	15,821	8,554	11,412	2,490	10,296
Other adjustments	-	-	-	-	-
Changes in W.C	1,552	-665	-1,156	-1,061	150
C.F. Operation	**35,654**	**39,562**	**47,452**	**51,812**	**64,410**
Capital exp.	-16,557	-16,714	-17,026	-21,460	-22,614
Change in inv.	1,090	-4,689	-1,983	-2,530	-2,754
Other invest.CF	1,781	2,213	-	-	-
C.F - Investment	**-13,686**	**-19,190**	**-19,009**	**-23,990**	**-25,368**
Issue of equity	-200	8,392	-	-	-
Issue/repay debt	4,815	1,368	1,642	1,477	1,330
Dividends paid	-20,500	-21,191	-17,010	-18,306	-27,392
Other finance.CF	-10,207	-7,792	-10,485	-10,404	-11,962
C.F - Finance	**-26,092**	**-19,223**	**-25,853**	**-27,233**	**-38,025**
Chg. in cash	-4,124	1,149	2,590	588	1,017
Closing Cash	**4,327**	**6,970**	**9,560**	**10,149**	**11,166**

Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	24.8	28.1	32.2	35.5	36.4
EBIT margin (%)	17.3	20.7	25.4	29.2	29.9
Net profit mgn.(%)	3.0	9.9	11.3	14.8	14.9
ROE (%)	24.5	49.8	58.6	70.6	70.9
ROCE (%)	21.4	24.3	31.2	35.7	35.2
W.C & Liquidity					
Receivables (days)	9.2	8.7	8.6	9.0	9.2
Inventory (days)	68.9	72.8	82.8	82.1	79.9
Payables (days)	53.5	51.2	59.4	59.8	60.5
Current ratio (x)	0.7	0.7	0.8	0.8	0.9
Quick ratio (x)	0.2	0.3	0.3	0.4	0.4
Turnover &Leverage					
Gross asset T.O (x)	0.5	0.5	0.6	0.6	0.6
Total asset T.O (x)	0.7	0.8	0.8	0.8	0.8
Int. covge. ratio (x)	2.6	3.2	4.1	5.5	5.1
Adj. debt/equity (x)	1.7	1.4	1.2	0.9	0.8
Valuation					
EV/Sales (x)	1.2	1.7	2.1	1.9	1.8
EV/EBITDA (x)	5.0	6.2	6.5	5.3	5.0
P/E (x)	52.2	13.1	12.8	9.3	8.8
P/B (x)	3.1	4.4	6.2	5.0	4.7

Recommendation Summary - (Last 3 years)



Dates	Rating	Target
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
24-Nov-25	BUY	568
11-Feb-26	BUY	791

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.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

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

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