

Vedanta Ltd is Well-positioned to Benefit from Commodity Cycle, say Analysts

PTI

New Delhi: Vedanta's second-quarter results met street expectations on robust operational performance, with analysts viewing the miner as well-positioned to benefit from the commodity rebound while advancing its deleveraging strategy.

Brokerages Nuvama, Citi, ICICI Securities and Investec maintained a strong bullish stance on metals and natural resources major Vedanta Ltd.

They cited factors such as Vedanta Resources' leverage being at comfortable levels, potential medium-term upside in aluminium on the London Metal Exchange (LME), volume growth, likely lower costs and the likely completion of the demerger process as reasons for the bullish call.

Nuvama said Vedanta's focus on demerger and delivery is on the verge of paying off, supported by tailwinds from commodity prices. The brokerage expects this to contribute to higher third-quarter earnings.

"Q3 FY26 EBITDA is likely to jump 20% QoQ led by higher prices, volume and lower aluminium cost of production," Nuvama



said.

It increased Vedanta's FY27 estimated EBITDA by 4% to ₹63,450 crore, factoring in higher commodity prices.

Citi Research saw potential medium-term upside for aluminium on the LME as a positive factor.

"Our commodities team expects aluminium to average \$3,500 in 2027. Aluminium has bullish fundamental exposure to structural energy transition and AI trends and is leveraged to a cyclical growth rebound and US debasement concerns. During 2026, dovish Fed prospects, related lower US real interest rates and a pickup in the US and global growth expectations are likely to be supportive," it said.

In its analysis, Citi factored in higher prices for zinc, aluminium and silver in FY27, which will boost Vedanta's earnings.

"We incorporate FY27 zinc/aluminium/silver at \$2,850/ \$2,800/ \$40 vs \$2,700/ \$2,600/ \$38 earlier. We raise FY26/FY27/28 EBITDA by 6%, 15% and 16%, largely on higher aluminium and zinc LME and power EBITDA (commissioning of new assets)," it said.

ICICI Securities said Vedanta is a prime beneficiary of the commodity cycle, with the company's aluminium division continuing to deliver strong earnings amid higher LME prices.

"Aluminium division is expected to drive the majority of earnings, aided by better volumes, lower costs and potentially better LME (aluminium demand-supply likely to be favourable). Power segment and zinc shall play a supporting role," the brokerage said.