

Vedanta's December Demerger Decision: 3 key reasons Nuvama sees 34% upside potential

Sparsh Bansal : 3-3 minutes



Is there scope for the [Vedanta share price](#) to surge further? [Nuvama Institutional Equities](#) retained its 'Buy' rating on Vedanta. The brokerage has set a target price of Rs 686, implying an upside of 34%. According to them, Vedanta's focus on demerger, delivery, and deleveraging (3Ds) is on course to pay off, supported by tailwinds of commodity prices.

Further, the additional triggers for Vedanta include outcome coming in favour by NCLT in December 2025 (demerger likely by Q4 FY26-end), removal of overhang (not buying JP Associates), and further Rs 20 Dividend Per Share (DPS) by January 2026.

Nuvama on Vedanta: Demerger to be completed soon

The demerger of Vedanta into five separate listed entities gives investors an opportunity to invest in a commodity of their choice. The recent NCLT motion completion brings the brokerage to a forecast that the final and favourable order shall come in December. Further, anticipate that the demerger process will be concluded in Q4 FY26. The brokerage estimates that the fair value of Rs 686 (ceteris paribus) shall be enhanced by Rs 84 per share once the demerger comes into effect.

Nuvama on Vedanta: No risk of default

The brokerage does not foresee any risk of default either by the promoter company, Vedanta Resources, or Vedanta. The promoter company has judiciously increased the

duration of debt (net debt of \$4.4 billion at Q2 FY26), which needs to be repaid by FY34, and allay any fear of default.

Even Vedanta's net debt (excluding [Hindustan Zinc](#)) is likely to reduce to Rs 585 billion by FY27 net debt to EBITDA ratio coming in at 1.4x in FY27, compared to 2.7x in FY25. The net debt will come down with incremental cash flows coming in from firm prices and the projects being commissioned in FY26.

All in all, [Nuvama](#) expects Vedant's EBITDA to increase at a CAGR of 16% over FY25–28 on the back of lower aluminium Cost of Production, aluminium and zinc volume growth and higher commodity prices. Consolidated net debt is likely to fall to Rs 61,000 crore by the end of FY27.

Further, [Vedanta](#) is not acquiring JP Associates, thus removing the overhang on the stock, and the company is likely to focus on expansion at existing operations and deleverage its balance sheet.

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