

Kotak upgrades Vedanta stock to Buy, raises target price after NCLT nod for demerger

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NCLT approval clears the way for Vedanta's restructuring, while favourable commodity cycles, project ramp-ups and easing debt concerns support higher earnings and valuation upside

Shares of metal and mining major [Vedanta](#) can rally as much as 14%, according to Kotak Institutional Equities, which upgraded the stock to Buy and raised the target price after the company received formal approval from the National Company Law Tribunal (NCLT) for its proposed demerger into multiple independent, sector-focused listed entities.

With a target price of Rs 650 per share, the brokerage implies an upside potential of 14% from current market levels. "Vedanta has secured a much-delayed NCLT approval for its demerger and appears on track to conclude the restructuring by the end of financial year 2026," the Kotak note said.

The brokerage also added that buoyant commodity prices place Vedanta in a sweet spot with multiple growth projects in Aluminium and Power segments commissioning over financial year 2026-2027. "Our bull-case scenario on spot commodity prices suggests 10% higher EBITDA (attributable) and a value of Rs 770 per share on FY28 financials," the brokerage said in a note dated December 16.

Vedanta's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Earnings Per Share (EPS) can rise at a Compounded Annual Growth Rate (CAGR) of 17% and 24% respectively over financial year 2025-2028, led by higher volumes and strong commodity prices, Kotak's note stated.

Debt concerns for its parent, Vedanta Resources, are also well behind, says Kotak, adding that it expects the company to secure the remaining regulatory approvals and conclude the demerger process by FY2026-end according to guidance.

Apart from the demerger, Kotak said that supply disruptions in copper and a supportive macro such as weakening USD and Fed rate cuts also bode well for the company. Three key commodities - aluminum, zinc and silver - form 82% of the attributable EBITDA for FY27.

"We find aluminum as best-placed on fundamentals over the medium term, with structural demand growth drivers from energy-transition investments and lagging supply growth due to capacity caps in China. We estimate a balanced market in CY2026E due to Indonesian supply following a multi-year deficit from CY2027E. We expect the zinc market to remain in surplus due to weak demand and new supply additions, and we expect prices to correct," it said.

According to the company's official announcement, the NCLT approval paves the way for the demerger of Vedanta into four independent, pure-play listed companies, in addition to the currently listed Vedanta, thereby creating a total of five separate listed entities.

According to the company, shareholders of Vedanta will receive proportional equity shares in each of the newly formed listed entities, in addition to their existing holdings. The new structure is designed to enable each business to respond to sector-specific market trends, investment cycles, and customer needs independently, while maintaining continuity of ownership for existing investors.

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