



Vedanta demerger, metals rally, could boost share price target to ₹965, Kotak says

At spot prices, Kotak anticipates Vedanta's share price target to increase to ₹965, with EBITDA estimates being raised by 19% for the next financial year.



Brokerage firm Kotak Institutional Equities believes that Vedanta Ltd., the Anil Agarwal-owned mining conglomerate, is best placed to ride the ongoing rally in base and precious metals.

In its note on Friday, January 16, Kotak Institutional Equities maintained its "buy" rating on the stock and raised its price target to ₹780 from ₹650 earlier.

The brokerage wrote in its note that nearly 85% of Vedanta's financial year 2027 estimated Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is derived from Aluminium, Zinc and Silver.

Breaking it down into specifics, nearly 50% of Vedanta's financial year 2027 EBITDA is likely to be derived from Aluminium, 20% from Zinc and 15% from Silver.

All of these base and precious metals are either trading at record high levels or at multi-year highs, in the global markets.

An increase in capacity across business segments, ranging from Aluminium to Zinc and Power, over financial year 2027 and 2028 will be an additional driver for the stock price, Kotak Institutional Equities wrote in its note.

Vedanta is on the verge of achieving all clearances for its proposed demerger exercise and Kotak expects this process should begin in the fourth quarter of the current financial year, and conclude in phases in the first quarter of financial year 2027.

The brokerage also expects value unlocking from higher multiples in the Aluminium and Power divisions as a result of the demerger, and has therefore increased its EBITDA estimates for Vedanta by 8.7% for financial year 2027 and 6.9% for financial year 2028 respectively.

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On Wednesday, brokerage firm Nuvama had given Vedanta its highest price target, beyond ₹800 per share, stating that higher commodity prices will help Vedanta's EBITDA grow at a Compounded Annual Growth Rate (CAGR) of 20% over financial year 2025-2028.

None of the 14 analysts covering Vedanta have a "sell" rating on the stock. 10 of them have a "buy" rating and the other four say "hold."

Shares of Vedanta ended 6% higher on Friday at a record high of ₹675. The stock has gained 55% in the last 12 months.