

Vedanta shares rise 3%, hit record high as LME copper, aluminium prices gain. Will stock hit Rs 800?

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Shares of Anil Agarwal-led [Vedanta Ltd](#) rallied as much as 3% to their fresh 52-week high of Rs 699 on the BSE on Friday after copper prices bounced back to inch closer to its fresh high of \$13,407 on the London Metal Exchange. Zinc prices also edged higher by about a percent.

Brokerages are bullish on the stock, with Nuvama Institutional Equities' revising the stock's target price to Rs 806 (up from Rs 686) earlier this month. That's an upside potential of 18% from current market levels. The brokerage has factored in value unlocking from the demerger and estimated the fair value of each entity under a FY28E sum-of-the-parts (SOTP) framework, maintaining [Vedanta](#) as a top pick.

To be sure, the NCLT approved the demerger last month to split Vedanta into five different listed entities. After the demerger, the base metals business will be housed in Vedanta Ltd, while Vedanta Aluminium, Talwandi Sabo Power, Vedanta Steel and Iron and Malco Energy will be the other four entities.

According to the Nuvama report, Vedanta is approaching the completion of regulatory approvals required for its demerger. Further, strong commodity upcycle, cost optimization, and volume growth are expected to reinforce the company's investment thesis.

The brokerage has revised FY27E/28E EBITDA estimates upward by 17% and 8%, respectively, to account for higher commodity prices, projecting a 20% CAGR in EBITDA over FY25–28E. Considering value unlocking, the report

assigns a sum-of-the-parts (SOTP) target price of Rs 806 per share (up from Rs 686), with Vedanta retained as a top pick.

Historically, between FY16 and FY26, LME aluminium, zinc and silver prices averaged \$2,170 per tonne, \$2,754 per tonne and \$22.7 per ounce, respectively. However, with global supply deficits expected across these metals in CY26, Vedanta expects prices to remain structurally higher than historical averages.

Accordingly, average price assumptions for FY27E and FY28E have been revised upward to \$3,000 and \$2,750 per tonne for aluminium, \$3,000 and \$2,900 per tonne for zinc, and \$60 per ounce for silver. The INR–USD exchange rate assumption for FY27E and FY28E has also been revised to 89, from 87.5 earlier.

Higher commodity prices, aluminium cost reductions, and volume growth in international zinc and power operations are expected to drive a 20% EBITDA CAGR over FY25–28E, reaching Rs 724 billion. Debt allocation across the demerged entities is expected to be judicious, ensuring comfortable servicing. Vedanta Aluminium (including 51% of Balco) and [Vedanta Limited](#) (housing [Hindustan Zinc](#), International Zinc, and others) are likely to continue dividend payouts, with expected DPS of ~Rs 15 from Vedanta Aluminium and ~Rs 5 from Vedanta Limited in FY27E/28E.

Kotak Institutional Equities has assigned a target price of Rs 780 per share. As per Kotak, Vedanta will benefit from the ongoing commodities rally as nearly 85% of Vedanta's FY2027E EBITDA is expected to be driven by aluminium (50%), zinc (20%) and silver (15%).

At about 12:50 pm, shares of the company were trading at Rs 696, higher by 2.6% from the last close on the BSE.

(Disclaimer: Recommendations, suggestions, views and opinions given by the experts are their own. These do not represent the views of The Economic Times)