Vedanta share price rise 5% as BofA upgrades stock to Buy, raises target price by 75%. Here's why

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Veer Sharma

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Synopsis

Vedanta Ltd shares surged upto 5% on Wednesday after BofA Securities upgraded the stock to "Buy" from "Neutral" and raised its target price sharply to Rs 840 from Rs 480. The brokerage turned positive on the back of a stronger outlook for aluminium and supportive silver prices, along with an estimated FY27 dividend yield of over 6%.

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Vedanta Ltd shares surged on Wednesday after BofA Securities upgraded the stock to "Buy".

Shares of Anil Agarwal-led Vedanta Ltd rallied as much as 5% to their intraday high of Rs 727.40 on the BSE on Wednesday after BofA Securities upgraded the stock to “Buy” from “Neutral” and sharply raised its target price to Rs 840 from Rs 480 — an increase of 75%.

The international brokerage cited a more constructive outlook for aluminium prices, supportive silver prices and an attractive dividend yield of over 6% estimated for FY27. It also highlighted that significant deleveraging at the parent level reduces the risk of any increase in brand-fee rates or inter-corporate loans.

BofA has raised its FY26E–FY28E EBITDA estimates for Vedanta by 16–21%, factoring in higher aluminium price assumptions, an increased fair value for Hindustan Zinc, depreciation in the USD-INR rate and a lower holding-company discount of 5%, compared with 15% earlier.

Vedanta Q3 snapshot

Vedanta reported a 61% year-on-year jump in consolidated profit to Rs 5,710 crore for the third quarter, with revenue rising 19% to Rs 45,899 crore. EBITDA climbed 34% year-on-year and 31% sequentially to a record Rs 15,171 crore, while margins expanded sharply to 41%, supported by higher metal prices, stronger premiums, improved volumes and cost efficiencies.

The aluminium business stood out operationally, with alumina production rising 57% year-on-year to a record 794 kilo tonnes, while aluminium cost of production declined 11% year-on-year to $1,674 per tonne, aiding margin expansion. Zinc India and international zinc operations also delivered strong growth on the back of favourable commodity prices and improved volumes.

The stronger operating performance translated into better capital efficiency, with return on capital employed improving to 27%, up nearly 300 basis points from a year ago.

Vedanta share price performance

Vedanta share price has been off to a strong start in 2026, rallying 20% on a year-to-date basis. The stock is up 60% in the last six months.

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