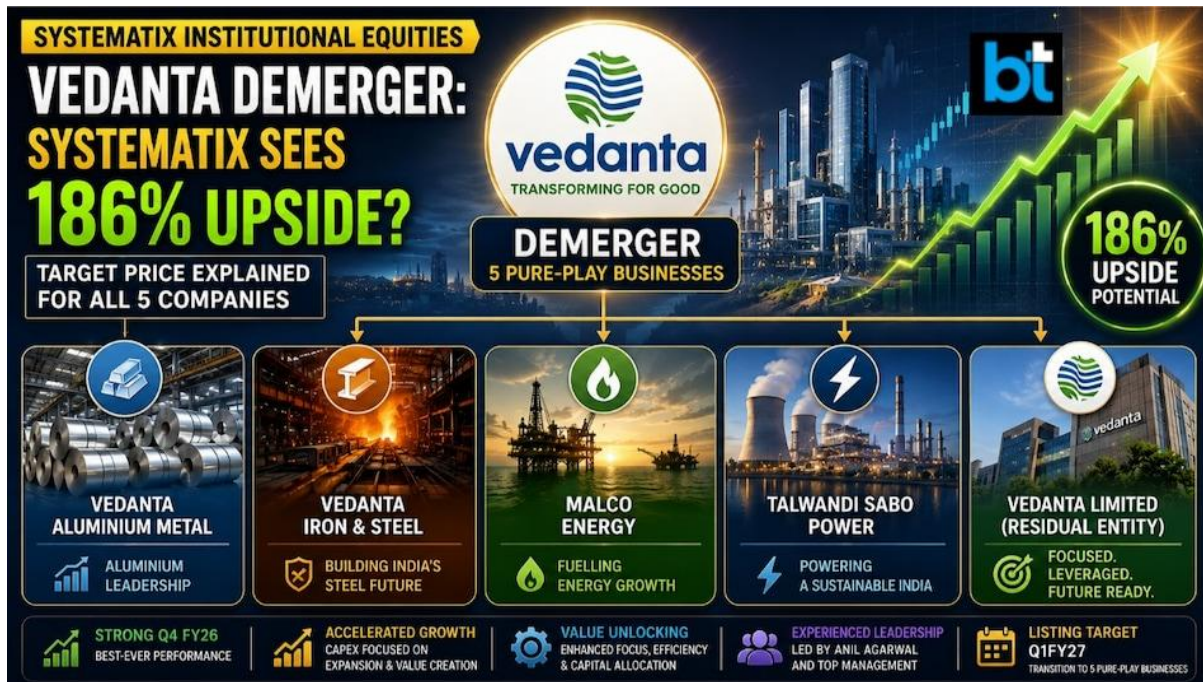


Vedanta Demerger: Systematix sees 186% upside? Target price explained for all 5 companies

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Brokerage firm Systematix Institutional Equities has maintained its positive stance on Vedanta, retaining its 'buy' rating on the stock with an unchanged target price of Rs 944. However, the before one wonders a 186 per cent upside potential, given target is for Vedanta Ltd before the demerger, the consolidated entity. On a standalone basis, the analyst believe that that the residual entity is largely near its target price.

Vedanta recently hosted an investor and analyst with the management of Vedanta Group which focused on its five demerging businesses. The session was led by Anil Agarwal, Founder and Chairman at Vedanta Group and other top management of Vedanta Group companies. The meeting primarily focused on the long-term strategic roadmap across businesses, with discussions centered on planned capacity expansions, adoption of advanced technologies, and execution of future growth projects.

The management reiterated its focus on driving accelerated capacity and EBITDA growth across verticals through disciplined capital allocation and deployment of internal cash flows to fund expansion initiatives over the medium term after the demerger, said Shweta Dikshit, Deputy Vice President – Metals & Mining at Systematix Institutional Equities.

Management continues to view the demerger as a significant value-unlocking catalyst, expected to enhance business-level focus, operational efficiency, and capital allocation flexibility across the group, the report noted.

Interestingly, Dikshit chalked down the fair value of all Vedanta Group business post demerger in her report post quarter earnings for the March 2025 quarter. Vedanta outlined Rs 17,000-19,000 crore capex for FY27, that will focus on investments across aluminium, zinc, oil & gas, and power segments, said the report.

The brokerage firm maintained 'buy' rating on Vedanta based on SoTP FY28E EV/Ebitda with a revised target price of Rs 944/share, of which we ascribe a value of Rs 341 per share for Vedanta and Rs 603 per share (four demerged companies combined) as the it sees the demerger as the catalyst for value unlocking for the company.

On a breakdown basis, Systematix has a target price of Rs 515 for Vedanta Aluminium Metal and Rs 29 for Vedanta Iron & Steel. Vedanta Power (Talwandi Sabo Power) has a target price of Rs 25, while Vedanta Oil & Gas (Malco Energy) has a target price of Rs 34 from the brokerage firm. The combined target for the five companies is Rs 944 as explained by the analyst.

	FY28E EBITDA (Rs bn)	Multiple (x)	EV (Rs bn)	Net Debt (as of FY26) (Rs bn)	Equity value (Rs bn)	Holdco Discount (%)	Per share value Rs/share
Vedanta Limited							20%
Zinc India (60.74% attributable)	179	9.0	1,610	(56)	1,666		341
Zinc international	18	8.0	145	56	89		18
Others*	2	5.0	11	88	(77)		(16)
Demerged resulting companies							
Vedanta Aluminium Metal**	396	6.0	2,373	361	2,012		515
Vedanta Oil & Gas	34	4.0	138	4	134		34
Vedanta Iron and Steel	22	6.0	135	21	114		29
Vedanta Power	19	8.0	156	59	97		25
Total	651	6.8	4,568	533	4,035		944

*Others EBITDA includes Copper, FACOR and others. Others Net Debt includes net debt of Vedanta Standalone (USD 1bn), **Vedanta Aluminium Metal excludes USD 1bn net debt of Vedanta Standalone

Source: Systematix Research

Vedanta continued to execute on its growth roadmap, having deployed Rs 14,900 crore capex this year across key segments. The ongoing capex focuses on value addition, volume expansion, and backward integration, strengthening raw material security and enabling margin sustenance, said Dikshit in her report. "Structural demand for base metals and silver remain supportive, underpinning medium-term price outlook and cash flow visibility."

According to Vedanta, the listing and trading of the resulting entities is targeted by Q1FY27, marking transition to five pure-play businesses. The company has also revised dividend policy to a principle-based framework; mandatory upstreaming of Hindustan Zinc dividend within 6 months removed, providing higher flexibility at the board level in each entity.

To recall, the consolidated Vedanta Ltd reported a 89 per cent yearly jump in the net profit at Rs 9,352 crore and its revenue soared 29 per cent YoY to Rs 51,524 crore for the March 2026 quarter. Ebitda soared 59 per cent YoY to Rs 18,447 crore, with margins expanding 915 basis points to 44 per cent. It was Vedanta's best ever quarterly performance so far.

Among other brokerage firms, existing listed Vedanta has got a 'buy' rating from BP Equities with a target price of Rs 387, suggesting a 17 per cent upside potential from its previous close. It said integrated operations, including captive mines and smelters, should help higher metal realisations flow into earnings.